What's Holding Up RR Mergers?

January 11, 1960

RAILWAY AGE *weekly*

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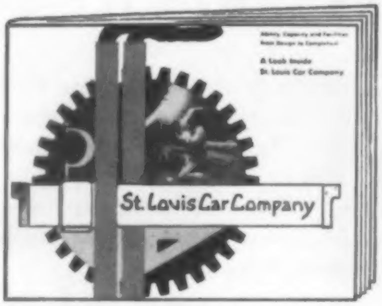

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RAILWAY AGE *weekly* January 11, 1960 • Vol. 148, No. 2

Week at a Glance

NH: 'The countdown has begun' ....p. 9

New Haven President George Alpert has set a June 30, 1960, deadline for enactment of a commuter "survival plan." He wants federal and state aid in the form of subsidies and tax relief. If aid doesn't come, "there will be no commuter service on the New Haven in this area."

ICC would scan all financing methods p.10

The Commission's 73rd annual report has gone to Congress with a major new legislative recommendation: that regulatory control over carrier financing be extended to embrace "new methods" such as conditional sales and long-term leases.

GIVE THE PASSENGER TRAIN A BREAK ....p. 13

Everybody seems to want to beat some life into the passenger train—but a lot of people are only succeeding in flogging it to death. In Part II of our "Tell the People" series, Railway Age editors suggest how Congress . . . . states and cities . . . employees . . . the public . . . and railroads themselves can act now to halt the passenger train's headlong rush into oblivion.

Doubled railroad profits seen p.24

ACF's marketing director wrote off the "calamity howlers" last week and came up with his own rosy prediction for the future of the industry: the railroad share of domestic gross ton miles will go back up to 50% in another decade, and profit levels will double.

New slant on shop training p.25

The Jacksonville Terminal is pioneering a new approach to shop craft training. The program involves refresher and advanced courses for journeymen electricians. Similar training is in the works for carmen and machinists on two other southern roads.

What's holding up railroad mergers? p.28

Only four railroads have made it to the corporate altar in the last three years, although about 30 have talked of it. Here are some reasons why—as one western chief executive puts it—"a lot more people are talking than merging."

The Action Page—Better than the 'crying towel' p.34

The only wise or practicable way to eliminate the railroads'

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Week at a Glance CONT

present grievous burdens seems to be for the industry to do some strategic fighting. Under present circumstances there is no better method for overcoming the political handicaps which block the path to railroad prosperity.

Short and Significant

An anti-featherbedding bill . . .

has been introduced in the House by Representative Tuck of Virginia. It's H.R. 9381, which would amend the National Labor Relations Act to provide that "featherbedding contracts shall be unenforceable and void." The NLRA doesn't affect railroad labor contracts; they come under the Railway Labor Act.

'Careless and untrue' . . .

was AAR President Daniel P. Loomis' reply last week to a charge by BLF&E President H. E. Gilbert that management's work-rules proposals would jeopardize 350,000 railroad jobs. Mr. Loomis said that while some jobs would be involved, "the railroad industry has made it clear that it recognizes this human problem and is prepared to weigh it carefully." Actually, he said, elimination of featherbedding would mean more business—and more business would mean more jobs.

Railroad net income fell . . .

to an estimated $41,000,000 in November 1959, compared with $63,000,000 in November 1958 and $45,000,000 in November 1957. Net income for the first 11 months of 1959 was estimated by the AAR at $484,000,000. The corresponding figure for 1958 was $514,000,000 and 1957, $664,000,000. Rate of return in the 12 months ended Nov. 30, 1959, averaged 2.72%.

A prototype aluminum cargo container . . .

has been completed by the Railway Division of the Budd Co. and will go into tryout service on the Grace Line early this year. Budd President Edward G. Budd, Jr., says the division is "pushing development work on refrigerated cargo containers in anticipation of an increasing demand for this type of container shipping."

The Army will soon begin testing . . .

"universal" containers, interchangeable between railroads, truck lines, air lines and steamships. For the test, the Highway Trailer Co., of New York, is making available four steel units 20 ft by 8 by 8 ft, including one with an Army dehumidifier; two steel-framed aluminum-sheathed models of the same dimensions; and two steel boxes, 10 ft by 8 ft by 8 ft.

Current Statistics

Operating revenues	
11 mos., 1959 ...	$8,980,340,079
11 mos., 1958 ...	8,727,008,232
Operating expenses	
11 mos., 1959 ...	7,050,236,098
11 mos., 1958 ...	6,888,226,710
Taxes	
11 mos., 1959 ...	958,748,814
11 mos., 1958 ...	876,893,397
Net railway operating income	
11 mos., 1959 ...	672,127,835
11 mos., 1958 ...	684,853,088
Net income estimated	
11 mos., 1959 ...	484,000,000
11 mos., 1958 ...	514,000,000
Average price railroad stocks	
Jan. 5, 1960 ...	100.85
Jan. 6, 1959 ...	108.50
Carloadings, revenue freight	
52 wks., '59	30,990,638
52 wks., '58	30,226,210
Freight cars on order	
Dec. 1, 1959 ...	36,555
Dec. 1, 1958 ...	27,962
Freight cars delivered	
11 mos., 1959 ...	34,254
11 mos., 1958 ...	38,058

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NH: 'The Countdown Has Begun'

► The Story at a Glance: "A year from today, if aid is not forthcoming, there will be no commuter service on the New Haven in this area." With this emphatic answer, President George Alpert of the NHRR assured reporters that the railroad was serious last week in presenting a new commuter service survival plan as the only way it could continue New York suburban operations.

The New Haven plan called for:

- **A small interim fare increase to go into effect immediately.**
- **Help from federal, state or local governments in the form of tax relief and subsidies.**
- **Further 10% fare increases at six month intervals if the other measures do not eliminate the deficit from suburban service.**

The New Haven has talked about commuter aid before, particularly during the three years George Alpert has been its president. But last week it seemed to be ready to back up its talk with action. The road served notice that it would take effective action to end the service if its "survival plan" was again ignored.

Taking its story to the people, the railroad took full page ads signed by Mr. Alpert for the NH in major newspapers along the line to alert commuters—and the public—to the facts.

"The New Haven Railroad is losing more than $8,000,000 a year on New York suburban passenger service," the ad stated. In proof, the railroad cited a report prepared by Wyer, Dick & Co. and submitted to the ICC and the New York PSC.

"This is more than the net freight revenue on our entire system," the ad continued. "It is jeopardizing commuter service along with the whole railroad."

The passenger deficit has been the number one problem of the New Haven for years, Mr. Alpert noted, adding "there has been a good deal of criticism of our service lately and a good deal of it is justified." The New Haven has been forced to restrict maintenance to that essential to safe operations, he said, and funds for other necessary expenditures have not been available.

"The Wyer, Dick report shows losses of $8,400,000 in our west end commutation service," Mr. Alpert said. "Since I've been president, I've been increasingly convinced the service is essential to the economy of the entire area, and I've tried every means in our power to keep it running. But our financial situation is such that one of two things must happen: either the deficit must be eliminated or the service must stop."

Mr. Alpert foresaw these "inexorable alternatives" for commuter service on the New Haven: discontinuance of service, a compensatory fare increase, or tax relief and subsidy.

The first alternative would have "devastating consequences," not only on the 35,000 daily commuters but throughout the metropolitan area. The second alternative, a fare increase sufficient to meet commuter losses, would have to be 70%, according to the Wyer, Dick report. An increase of this magnitude would be self-defeating, Mr. Alpert warned, since it would divert so many passengers to other forms of transportation that it would make the eventual discontinuance of the service inevitable.

On the third point, Mr. Alpert said, "Whether the rail commuter should be required to pay the full cost of the service is a political and economic issue not for the railroads to determine. I believe, however, the commuter should not have to bear the full burden because:

- "The service is not alone for his benefit but for the benefit of the entire area served;
- "The rail commuter should receive equal treatment by the government with commuters using other transportation facilities."

In order to continue commuter service for New York and Connecticut, the New Haven says it must have public help on three points:

- "A. A 10% fare increase to go into effect immediately. New tariffs

(Continued on page 12)

Rail Labor Chiefs Hail Steel Pact

Railway labor leaders were reaching for the United Steelworkers' coattails last week in the wake of a steel contract settlement which most observers saw as a near-complete union victory.

At the same time a management spokesman was declaring that "the settlement of the steel strike will not affect or change railroad management's position."

Theodore Short, chairman of the Western Carriers Conference Committee, said that "differences between the railroads and any manufacturing industry are so vast that to compare labor problems would not only be futile but also extremely misleading." Among the differences cited: the many crafts and varying conditions and rules involved in rail negotiations; the far greater percentage of the rail revenue dollar going for wages.

But one rail union chief said the steel agreement would "undoubtedly" strengthen the brotherhoods' stand. Another, BLE Grand Chief G. L. Brown, thought the pact "should hasten our own settlement on the wage question." RLEA Chairman George Leighty said the Steelworkers' victory in the work-rules dispute "should be an indication to railroad management that neither American workers nor the American public in general will ever permit a return to the jungle days of railroad operations . . ." He said the Steelworkers' wage and benefit gains (about 40 cents an hour) "make our own pending modest demands all the more reasonable."

ICC Would Scan All Financing

► The Story at a Glance: Extension of regulatory control over carrier financing to embrace "new methods," such as conditional sales and long-term leases, has been recommended by the Interstate Commerce Commission.

The recommendation was the principal new legislative proposal of the Commission's 73rd annual report which went to Congress last week.

The report, on the usual pattern, was mainly a review of the fiscal year ended last June 30, but some later developments are covered.

The Commission also chided the railroads a bit for their failure to order more cars.

Thirteen legislative recommendations are made in the ICC's annual report, but only two of them are new. They are the call for more control over carrier financing and a proposal that the Commission be authorized to let three-member boards of its staff make decisions, subject to appeal, which do not involve issues of "general transportation importance."

The proposal as to carrier financing would be accomplished by amending the Interstate Commerce Act's Section 20a. The same recommendation also proposes other amendments to that section, including a change which would require a carrier to obtain Commission authorization for acquisition of its own capital stock. The former proposal is justified in the report with this statement:

"Under conditions existing in 1920 at the time Section 20a was first enacted, and for some years thereafter, the Commission exercised control over the greater amount of railroad financing even under a restricted interpretation of the statute. Conditions, however, changed, and new methods of financing evolved, so that today both the railroads and motor carriers are incurring obligations of several hundred million dollars annually by means over which the Commission takes no jurisdiction. Most motor-carrier equipment is now financed through conditional sale contracts or chattel mortgages, and in recent years a large part of railroad equipment financing has been accomplished by means of long-term leases and conditional sales contracts. Indications are that open credit agreements [involving loans not evidenced by notes or other evidences of indebtedness] also may become a pop-

Watching Washington *with Walter Taft*

• **ICC WANTS OUT** of standard-time controversies. It has recommended that Congress review this situation in the light of changed conditions which make it "questionable" whether the Commission is the most appropriate government agency to fix time-zone boundaries.

THE RECOMMENDATION is in the Commission's annual report which supports it by telling how the Commission has been frustrated in undertaking to exercise the limited power it now has under the Standard Time Act. From time-to-time, for 30 years, the Commission has suggested that Congress repeal this act, or amend it to provide for full occupancy of the standard-time field by the federal government.

THE PRESENT PROPOSAL results from the decline in importance of railroad time. The report explains that conditions have changed since the act was passed, for railroads then exerted "great influence" on standards of time. Now daylight saving times ignore railroad operating times, and some railroads have threatened to shift their operations to daylight times. The Commission doubts that it could prevent the shift under existing law—"even if we believed it would increase the hazard of accident."

COMPLAINT of railroads threatening to shift is that they are now saddled with competitive disadvantages which result from misunderstanding and confusion in their relations with customers. The Commission seems to think the complaint is just. It says the situation is "particularly unfair" because railroad competitors, though subject to the time act, "largely ignore it."

CHIEF ISSUES in time-zone cases now have no bearing on operations of carriers. Most of the evidence is offered by government agencies and professional, business and agricultural interests undertaking to show how proposed changes "will benefit them or injure them or their contacts and relations with others outside the area." These are "hardly matters which fall within the usual field of our expertise," the Commission says.

SPECIFICALLY, it recommends a Congressional survey of the entire field of standard time and related matters; broadening the scope of the act to stipulate (with provision for exceptions) that the time of a zone shall be the exclusive time for all purposes; and implementation of the act by provisions for administration and enforcement by an appropriate federal agency, and "realistic" penalties for violations.

• **ROLE OF COSTS** in competitive rate cases becomes more and more important. During the fiscal year ended last June 30, the ICC's board of suspension had cost data in hand when it passed upon 2,888 requests for suspension of rate tariffs published by railroads, truckers and water carriers. The data were prepared by the Commission's Bureau of Accounts, Cost Finding and Valuation.

• **CORRECTION:** It's 1959's gross capital expenditures of Class I line-haul railroads which are expected to total about \$828,609,000—up 14.2% from 1958's \$738,038,000. In this space last week the years to which the respective figures apply were given erroneously as 1958 and 1957.

Methods

ular form of financing . . ."

In recommending that it be given authority over acquisition by a carrier of its own stock, the Commission had debt-equity ratios in mind. The report says:

"In determining whether a carrier should be authorized to issue securities, its debt-equity ratio is a significant factor to be considered. Since retirement of capital stock could result in the creation of an unsound ratio of debt to equity and undue depletion of a carrier's assets, regulatory control over such retirements seems equally as important as control over the issuance of securities and the creation of indebtedness in the first instance. We are therefore also of the view that the public interest in the maintenance of sound financial structures by the carriers would be served by extending the Commission's authority under Section 20a to the retirement of capital stock."

Among the 11 recommendations repeated from the Commission's previous report is its call for power to impose penalty or incentive per diem charges to stimulate buying of freight cars and expedite their movements. An incentive per diem bill, S.1789, is on the Senate calendar, having been reported last year from the Committee on Interstate and Foreign Commerce. It does not go as far as the Commission recommended, but it has been endorsed by the regulatory body as a step in the right direction. The railroad industry remains divided on this per diem issue.

Though it does not list them among the report's numbered legislative recommendations, the Commission says it still favors two other pending bills—H.R.8031, which would authorize it to award reparations against freight forwarders and motor carriers, and S.2417, which would repeal the IC Act's Section 206(a)(1). That permits motor carriers operating only on intrastate routes, for which they have state certificates, to handle interstate business without a certificate from the ICC, but the latter's regulatory authority otherwise applies to the interstate business.

In like manner does the Commission remind Congress that it still favors various bills which would extend its regulatory authority to surface transportation to, from and within Alaska. Congress' action in reducing the fare tax from 10% to 5%, effective next July 1, is called "an encouraging sign," but the Commission goes on to say it is "still of the view that this speci l wartime

(Continued on page 23)

ICC's 1960 Legislative Recommendations

1. That the Interstate Commerce Act be amended to authorize the Commission to impose penalty or incentive per diem charges.

2. That Section 208 (c) be amended to repeal the provision whereby holders of bus certificates are automatically authorized to conduct special-party operations from the area of their regular-route operations to all points in the country.

3. That Section 212(a) be amended to make motor carrier operating authorities subject to suspension or revocation for failure to comply with any regulation of the Commission, and to modify procedures for revocation of operating authorities. The section now permits suspension or revocation only for failure to comply with regulations promulgated under the Interstate Commerce Act, thus excluding other regulations, such as those promulgated under the Transportation of Explosives Act.

4. That provisions for revocation of water carrier certificates and permits for non-use be added to Part III.

5. That the Clayton Antitrust Act be amended to increase the limitation on exemption from competitive bidding; and that the Clayton and Federal Trade Commission acts be amended to apply their carrier - exemption provisions to contract motor carriers, all water carriers and freight forwarders. The latter would have the effect of leaving the ICC with undisputed jurisdiction over all carrier transactions involved.

6. That the Transportation of Explosives Act "be completely rewritten" and that the rewriting add amendments to make the act apply specifically to radioactive materials and to contract and private carriers as well as common carriers.

7. That the U. S. Code be amended to provide that suits to set aside Commission orders be brought against the Commission instead of the United States. This proposal has been made because the attorney general sometimes declines to defend the Commission.

8. That the Interstate Commerce Act's Section 5(10) be amended to make gross operating revenue, instead of the number of vehicles owned or operated, the basis for determining whether a proposed unification or acquisition of control of motor carriers is an exempt transaction.

9. That Section 222(b) be amended to enable the Commission in enforcement proceedings to obtain service of process upon motor carriers and to permit the joining of any other necessary party without regard to where the carrier or other party may be served.

10. That Section 303(b) be amended to repeal the bulk commodity exemption applicable to water carriers.

11. That the 1916 Mail Pay Act be amended to repeal the provision which authorizes the Postmaster General to call upon the Commission for information as to revenue received by railroads from express companies for services in the transportation of express matter.

12. That Section 17 be amended to authorize the Commission to delegate to three-man employee boards the power to make decisions in cases in which a hearing has been held and which do not involve issues of general transportation importance, with right of repeal to appellate division of the Commission whose decision would be administratively final.

13. That Section 20a(2) be amended to embrace within the term "securities," for which the Commission's authorization is required, contracts for the purchase or lease of property not to be performed within one year from the date thereof, and to require the Commission's authorization for the borrowing of money through means other than the issuance of securities; that Section 20a(9) be amended to exempt from the provisions of Section 20a, in addition to short-term notes, loans which mature in two years or less and which aggregate, together with all other notes and loans maturing in two years or less, not more than 5% or $200,000, whichever is greater, of the par value of securities of the carrier then outstanding; and that Section 20a be amended to require the Commission's authorization for the acquisition by a carrier, directly or indirectly, of any shares of its outstanding capital stock.

'THE COUNTDOWN HAS BEGUN'

(Contined from page 9)

providing for this increase were filed last week with the Interstate Commerce Commission.

• "B. Government action through tax relief and public service payments by June 30, 1960, at the latest.

• "C. If government action plus the 10% increase does not eliminate the deficit, then it would be necessary to apply for additional 10% increases at six-month intervals until the deficit is met."

"I think the time has come," Mr. Alpert said, "when the public has got to make up its mind. As far as the New Haven Railroad is concerned, the countdown has begun. If this service is essential and if the people want to continue it, they can see, through their elected officials, that this is done." If there is no action to give the railroad the tax relief and subsidies it says it needs, or if its 10% fare increase is delayed by hearings, Mr. Alpert said that the road would withdraw the present application and immediately file for a 70% increase. "And that in my opinion," Mr. Alpert commented, "will be the beginning of the end of commuter service in this area."

"The future of this service is beyond the control of New Haven management," Mr. Alpert said. "The solution depends largely on action by the public authorities of the states of New York and Connecticut."

When questioned on the likelihood of getting regulatory approval for train discontinuance, Mr. Alpert commented that the road would be unable to run its equipment unless it received money from some source to keep it in safe operating condition. "Due regard for public safety," he said, "requires the proper inspection, servicing and maintenance of our equipment, and we will not compromise with the public safety. But without a substantial increase in income from passenger service, there will be no money to pay the $5,000,000 per year for the labor and material charges we are now incurring for necessary inspection and repair of passenger cars. There will be none to pay the $4,000,000 labor charges for servicing these cars. There will be none to pay the more than $1,000,000 per year for electric power to run trains in the New York suburban service."

As for new equipment and improvements, Mr. Alpert recalled that it cost the NH $17,000,000 to acquire 100 new MU cars in 1954. "There was no discernible change in the volume of travel after the installation of these cars," he said, "but cost of performing the service was increased approximately $1,000,000 per year."

Mr. Alpert added that under the plan worked out by New York Governor Nelson Rockefeller and the Port of New York Authority for commuter aid, the Port Authority was proposing to make 100 new cars available to the NH on a 25-year lease at a good rate of interest. However, he said, the new cars would simply add $840,000 a year in fixed charges to the present $8,400,000 deficit for the service. "Only if we got some relief could we acquire these cars and improve service," Mr. Alpert said.

Talking about the New York State rail tax relief legislation passed last year, Mr. Alpert called the relief "helpful" in the long run but no answer to the immediate problem. Although the amount of relief from present state and city taxes in New York ($4,565,000) will eventually reach $1,662,000 in 1964, it was only $112,000 in 1959, Mr. Alpert said. (N.Y. tax relief for the NH will be $464,000 in 1960, $943,000 in 1961 and $1,422,000 in 1963 under present legislation.)

Governor Rockefeller's annual message to the New York State Legislature following by a day Mr. Alpert's announcement of NH plans said: "With respect to the equipment pool, I am pleased that the Port of New York Authority and the Long Island, New Haven and New York Central have agreed on plans for an initial order for more than 250 modern air-conditioned commuter cars; 140 for the Long Island, 60 for the New York Central and 50 for the New Haven." So far as the New Haven is concerned, though, this still leaves it up to the railroad to find money for the new equipment, and this the road has indicated it does not have.

How much support the New Haven "commuter survival plan" will be able to generate from the public remains to be seen; it does, however, conform in many details to the proposals made by Mr. Alpert at last month's meeting of the Municipal Congress (RA, Dec. 7, 1959, p. 9). From that group came a joint proposal by mayors and some rail executives that Congress be asked to study federal aid for commuters, with the provision that the proposal be submitted to the AAR board of directors for consideration at its meeting later this month.

"I am in hopes they will approve," Mr. Alpert said. "Some of the language we worked out at Denver is included in our affidavit [to the ICC]. The mayors of this country are pretty much in agreement that commuter services must be continued. Whether the AAR board will agree, I can't say, but I hope they will."

E. Spencer Miller, president of the Maine Central, speaking on the day Mr. Alpert's message to the public appeared, predicted that the 1960's will see an increase in the number of rail commuters because, on a true-cost basis, providing highways for commuters is much more expensive than retaining rail service.

"We will see," Mr. Miller said, "the acceptance and application of the ideas proposed by President Alpert of the New Haven."

The New York Central, which shares its Grand Central Terminal with the New Haven, commented after Mr. Alpert's announcement that suburban service would end if aid were not forthcoming. "The New York Central feels that commuter railroads should get the same treatment as all other forms of transportation are getting," a spokesman declared.

In Washington, Connecticut Congressman Donald J. Irwin called a press conference to announce that he will introduce in the House a bill to make federal funds available to municipal agencies or municipal corporations for the purchase of commuter cars to be leased to railroads. He said conditions of the leases would include guarantees as to service.

But Mr. Irwin conceded that this wouldn't help the New Haven meet its operating deficits. It's not a bill, he said, to "bail out Alpert." He accused the New Haven president of adopting "shotgun techniques," and said he didn't think there should be a fare increase until the road moved to provide better service.

He added that the ICC's approach to the problem has been "absolutely negative." He said he had written to the Commission and found a "tremendous indifference" there.

We don't know what can save the passenger train. We do have some ideas about what can kill it. It can be politicked to death, taxed to death, featherbedded to death. It can die of neglect. It can be done to death by the bluntest of all government instruments: one-way subsidies. It can, indeed, be "studied" to death.

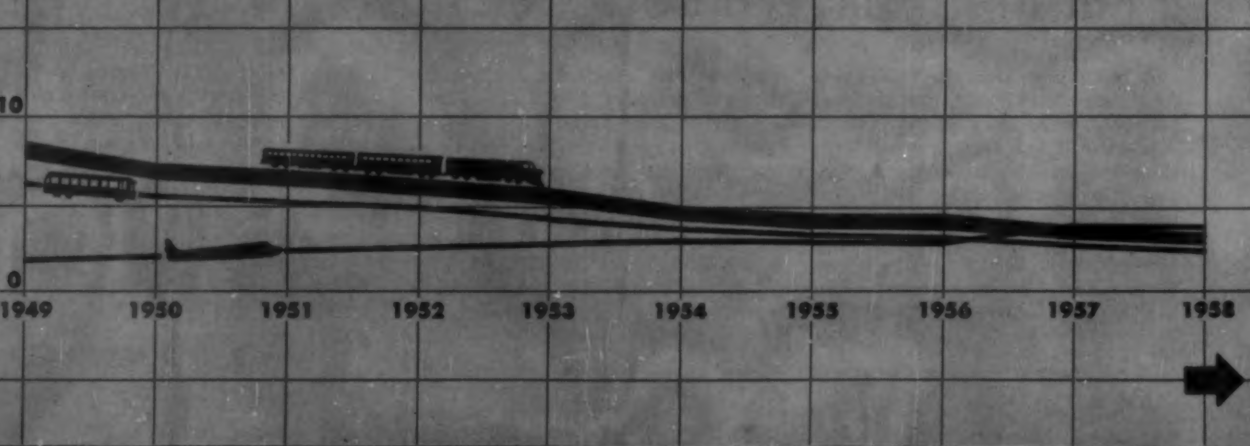
This is not to suggest that any of these things is wholly or even largely responsible for the decline of the passenger train. The real trouble is simply and starkly that most people don't ride trains any more. Increasingly, they are driving their own automobiles or taking to the air. (As the chart on this page shows, autos now account for 89.95% of intercity passenger miles; airlines, 3.86%; railroads, only 3.20%; buses, 2.81%.)

We do suggest that a hard core of essential passenger train service is still vital to America. But the passenger train, if it is to survive at all, needs a break. The pages that follow are written more hopefully than critically. They're directed principally at those who, in their zeal to beat some life into the passenger train, are only succeeding in flogging it to death.

the Editors

TELL THE PEOPLE:

Give the Passenger Train a Break!



Memo to Congress

X	Keep Politics Out of Trainoffs
X	Put the Mail Where It Belongs
X	Kill the Passenger Fare Tax
X	Stop the 'Big Giveaway'
X	Don't Just 'Study'—Act

Keep Politics Out of Trainoffs

In many states, passenger train service has come close to being politicked to death.

State commissions, often under heavy political pressure, have forced railroads to run hundreds of trains that almost nobody needed . . . or used.

Every railroad has its own private file of "horror cases" perpetrated by these commissions.

The New York Public Service Commission ordered the New York Central to continue a train that carried an average of 4.5 passengers a trip—and a crew of five. The road collected an average fare per trip of 23 cents, paid out $30 per passenger to provide the service. On another train which the PSC found to be vital to mass transportation, engine trouble developed—and the Central was able to send all (three) of the passengers home in one taxicab.

It took the Milwaukee nearly 30 years to take off an Indiana train whose monthly revenues wouldn't pay a day's wages for the crew. The train took in about $700 a year; it operated at an out-of-pocket loss of about $25,000 a year. The railroad offered to subsidize bus service for the coal miners who rode the train to work—but the state commission was unimpressed.

Practices like this bled the industry of millions of dollars a year—and imperiled the future of really essential trains.

The Transportation Act of 1958 went a long way toward rescuing the passenger train from the morass of local politics. This act gave the Interstate Commerce Commission both original and appellate jurisdiction over train discontinuances. Railroads can now go directly to the ICC for interstate train discontinuances—and they can appeal to the ICC when a state commission rules adversely or drags its feet on intrastate petitions.

The importance of this legislation to railroads is indicated by the fact that during the first year after its passage, trainoff appeals went to the ICC involving 133 trains and two ferries.

The relief thus made possible was partly responsible for the fact that the railroad passenger service deficit in 1959 dropped to around $500 million—lowest in ten years.

Now, this vital legislation is in jeopardy.

Currently before Congress are two bills—S. 1331 and S. 1450, sponsored by Senators Williams and Case of New Jersey—which would repeal the trainoff provisions (Section 13a) of the 1958 Transportation Act and rewrite them in substantially different form.

The Association of American Railroads has warned that repeal of Section 13a would "make relief from the staggering annual losses caused by unprofitable and unneeded passenger services more difficult, if not impossible, to obtain."

All state commissions have not been unsympathetic to the railroads' efforts to abandon obsolete services. But the few that *have* used delaying and harassing tactics have made corrective legislation necessary.

Will Congress turn back the clock?

Railroad men like Pennsylvania President Allen J. Greenough fervently hope not. "Our problem," says Mr. Greenough, "is to redesign a service that was built to satisfy the needs of the 20's so that it meets the demands of the 60's."

A major part of this redesigning is trimming off the dead wood. If this can't be done, the whole tree may die.

Put the Mail Where It Belongs

A move now afoot in Washington could mean sudden death for scores of passenger trains all over the country.

The Post Office Department and the Civil Aeronautics Board propose to extend the first-class-mail-by-air experiment to nearly 100 cities. This shift of surface mail to the airlines could cost railroads up to $150,000,000 a year—nearly half of their mail revenues.

Under the CAB's proposal, airlines would be paid a rate for carrying all classes of non-priority mail that is half the regular air-mail rate. Railroads contend that such rates would violate U. S. statutes relating to the appropriate postage rates to be charged for air mail and air parcel post.

Railroads—which have $1 billion invested in mail transportation facilities—say frankly that when the mail goes, a lot of trains will have to go, too. It's happened before and can happen again.

For 50 years the Great Northern ran a day train—the "Cascadian"—between Seattle, Wenatchee and Spokane, Wash. In 1958 the total cost of running the "Cascadian" was more than $100,000 in excess of the total revenue for carrying passengers, mail and express, and other services. Last March the Post Office shifted the "Cascadian's" mail to highway carriers. It cost GN an

estimated $120,000 in annual revenue. The extra loss—piled on top of an already-huge deficit—was too much. In July, the GN tacked up discontinuance notices.

A midwestern railroad studied two trains with the view of instituting discontinuance proceedings but decided to keep them since they were just about breaking even. A few months later the Post Office removed the mail—and on the same day, the road filed for authority to discontinue the trains. The 100 passengers who formerly rode the trains now ride Greyhound buses.

Mail contracts aren't going to wipe out the passenger deficit—but the loss of them could wipe out a lot of trains.

Kill the Passenger Fare Tax

An excise tax on passenger fares was imposed in World War II to discourage travel on common carriers.

Fourteen years later the 10% passenger fare tax is still doing just that—discouraging non-auto travel.

A similar tax in Canada was repealed three and one-half years after the end of the war, but efforts to repeal the U. S. levy have failed so far.

The tax adds $215,000,000 a year to the cost of transportation—with the burden falling heavily on those least able to pay.

In effect, it imposes a 10% penalty on all who elect to travel by common carrier rather than by automobile.

The Senate last year voted to repeal the passenger fare tax, but the House rejected the idea. A compromise was adopted calling for reduction of the tax to 5% effective July 1, 1960.

A reduction will be welcome—but outright repeal would make more sense.

Stop the 'Big Giveaway'

Every day during the last fiscal year, the federal government poured $10,226,787 into publicly-provided transportation facilities. The daily handout broke down like this: $1,411,191 to aviation; $2,215,513 to waterways; $6,600,000 to highways. Not one cent, of course, went to railroads—which build, maintain and pay high taxes on their own facilities.

The federal government began helping the airlines on the theory that an infant industry had to be "nursed" along. Today that "infant" industry accounts for more passenger miles than the railroads—yet much of the dole continues.

Only the form has changed.

Through fiscal 1959, cash subsidies to airlines amounted to $526,700,000. Another $53,800,000 is earmarked for 1960.

Through 1959, the government had invested $2 billion in airways—of which half is charged off (but only on paper) to commercial airlines.

In addition, the federal government has contributed $1.1 billion to civil airports.

Railroads can't compete with the U. S. Treasury—and the effect of this kind of subsidized competition on the passenger train has been swift and brutal. For example, in the 10-year period 1948-1957 New York Central passenger traffic shrank 49%. At the same time, airline traffic at eight major points served by the Central was soaring—the smallest percentage increase was 170% at Syracuse; the highest, 459% at Albany.

The passenger train's biggest competitor, of course, is the private auto, which now accounts for around 90% of all intercity passenger miles. Again, railroads find themselves competing with the federal treasury. The federal government has invested $21.3 billion in highways, has authorized another $25 billion in federal aid.

For many communities, a new highway means the loss of passenger train service. The new Kansas Turnpike, for example, was a major factor in the Rock Island's recent decision to apply for discontinuance of Trains 5, 9 and 10 between Kansas City, Topeka and Wichita.

Railroads are not proposing the abolition of airports, airways and highways. What they do want is a fair opportunity to compete for a share of the growing travel market.

The answer is user charges. The idea that users should pay for publicly-provided facilities has been recommended time and again, by three U. S. presidents, among others. It's time now for Congress to act.

Don't Just 'Study'—Act

If the passenger train does die, as many people are so freely predicting, a fitting epitaph might be, "Studied to Death." Few American institutions have been the subject of more words—and less action—than railroad passenger service.

Two big new transportation studies are now under way—one by the Senate, another by the Department of Commerce. Doubtless they'll have something to say about the passenger situation.

Studies may ease the Congressional conscience, but they don't run passenger trains. Maybe it's time to study the studies. A good start would be a hard, new look at the ICC's passenger train deficit study, issued last May. It concluded with nine specific proposals, two of them in the province of Congress: (1) repeal of the passenger fare tax; (2) amendment of federal tax laws to encourage local and state relief from staggering tax bills.

One helpful law would be worth all the studies ever dreamed of.

Leave Crew Sizes Up to Management

A baggageman boards the New York Central's "Twentieth Century Limited" at Buffalo. He has nothing to do with the baggage and gets off at Cleveland, the next stop, where the baggage car is sealed and moves on. His presence on the train is not dictated by necessity but by state law.

Excess crew laws like this are on the statute books of Arizona, Arkansas, California, Indiana, Maine, Massachusetts, Mississippi, Nebraska, Nevada, New York, North Dakota, Ohio, Oregon, Texas, Washington and Wisconsin. In seven other states—Connecticut, Maryland, New Jersey, Pennsylvania, Rhode Island, West Virginia and Vermont— state commissions have the authority to regulate the size of train crews.

This amounts to featherbedding by legislation. Most such laws got on the books as a result of heavy pressure from the railroad brotherhoods.

However they got there, it's time they came off. New York State has recognized its excess crew law as a possible contributing factor to the passenger train crisis, and is moving in a direction that could lead to repeal. When will other states follow suit?

Memo to States and Cities

X	**Leave Crew Sizes Up to Management**
X	**Bring the Tax Laws Up to Date**
X	**Don't Make RR's Support Airports**
X	**Meet the Railroads Half Way**

Bring the Tax Laws Up to Date

In Lincoln County, Mont., the Great Northern pays 91.38% of all school taxes levied in the entire District No. 7 even though its 265 acres constitute only 0.335% of the district's total 79,200 acres.

New Jersey ordered the Pennsylvania to install escalators in its passenger station in Trenton—then penalized the railroad for the improvement by raising its taxes $3,926 a year. In Pittsburgh, the PRR spent $9,500,000 reconstructing a passenger train shed and realining track facilities. Its reward: an extra $31,000 a year in taxes.

In Maine—which taxes gross income, irrespective of whether there is net income—the Maine Central paid the state tax collector $62,000 for the privilege of losing $3¼ million on passenger train operations in 1957.

In New Jersey, a piece of rail-owned property assessed at $758,000, and taxed at the rate of $65,000 a year, was put on the block and sold at a top offer of $20,000—less than one-third the annual tax bill.

The list could go on and on and on. The railroads haven't made a nickel on peacetime passenger service since 1920 —but passenger facilities are still taxed as if they were big money-makers.

The most glaring examples of discriminatory taxing policies involve railroad stations and their biggest competitors for common carrier passengers—airports.

Washington's National Airport was built by the government at a cost of $32,000,000. In a recent year, it had an out-of-pocket operating loss of more than $1,000,000—which the taxpayers made up. Washington's Union Station, built privately by railroads at a cost of $32,000,000, paid $675,014 in taxes in the same year—over and above the full costs of upkeep.

In eight cities served by the New York Central, railroad terminal taxes amounted to $10,628,107 in 1957. If airports in these eight cities had been taxed on the same basis, their tax bill would have been $9,514,953.

Cleveland's Union Terminal, which operated at a deficit of $5,393,797 in 1957, paid taxes of $476,131. When Cuyahoga County cut the terminal's taxes by about $100,000 with a reassessment, the City of Cleveland fought the move. But when the county placed a valuation of $3,800,000 on Cleveland Hopkins Airport—which cost $15,000,000 raised by tax-exempt bonds—the city fathers promised to fight any effort to tax the airport. They contended that the airport facilities were for a public purpose, and therefore should be tax exempt.

The Eastern Railroad Presidents Conference takes this position: "When a company is required by law to perform a service which is not profitable, no tax burden whatever should be imposed by government upon that service. To the extent that any railroad facility must be continued in use as a non-profit operation for the benefit of the public, it should be exempted from taxation."

What tax relief can mean to railroad passengers has been dramatically illustrated on the Long Island. The LIRR was "forgiven" $11,414,888 in taxes during the period 1954-1957. The money went for a down payment on a $65,000,000 improvement and rehabilitation program. The LIRR remains a substantial contributor to the tax coffers. It paid $7,543,383 in state and local taxes in 1954-1957. Under the old taxing rules—which helped send it into bankruptcy—the LIRR would have had to pay $18,958,271 in taxes in the same period.

Don't Make RRs Support Airports

Not only are airports, as a rule, forgiven their taxes; in some cases, railroad tax money actually goes to help support these airports.

Cut Bank, Mont., is served by one railroad, the Great Northern, and one airline, Western. GN built, maintains and pays taxes on its terminal. Western uses an airport built with $220,100 in local funds and $4,070 in federal funds. The airport is forgiven taxes that, for any other business, would amount to $12,000 a year. It is supported and maintained by local taxes. A special tax is levied for this purpose. GN's airport tax levy in 1957 amounted to $2,241. Western Airlines' airport tax levy was $22.92. Thus, every time a passenger boarded or left a Western Airlines plane at Cut Bank in 1957 it cost the railroad $3.82 in taxes—and the airline 22 cents.

Similarly, every time a passenger landed, or took off from, Broome County (N.Y.) Airport in 1957, it cost the railroads operating in the county 31.38 cents in airport support—while airlines themselves paid 26 cents.

The local property tax on the Albany, N. Y., station in 1956 was $59,904—enough to cover the $57,784 operating deficit incurred that year by the city's tax-built and tax-free municipal airport.

It's time air-minded tax assessors came down to earth.

Meet the Railroads Half Way

In their efforts to price their services realistically, railroads sometimes run into a stone wall on the state level.

Many commissions, notably in the Midwest, expedite fare adjustment proceedings when a railroad submits a good case. But others take the attitude expressed by the New York PSC in its extraordinarily-worded report on a New York Central fare increase petition.

"It's been generally recognized for many years," said the PSC, "that railroad passenger business as presently conducted has not and cannot be operated at a profit." With this curious logic, the commission turned down the proposed increase.

Despite practices like this, there's increasing recognition that the passenger-train problem is not the railroads' alone to solve—but that, also, of state and local governments.

But mere recognition of a problem won't solve it.

Wisconsin Governor Gaylord Nelson conceded that "the whole question of technical safety regulation of our public transportation is beyond the competence of the legislature." But that didn't prevent him from signing into law the legislature's new "full crew" bill last year. (At about the same time California Governor Edmund Brown signed a bill requiring employment of firemen on diesel locomotives over 90,000 lb—despite overwhelming evidence that the day of the firemen ended when the fires went out.)

Illinois recognized the existence of serious railroad problems and appointed a Mass Transportation Commission to look for solutions. But the Illinois legislature shelved the commission's recommendations for (1) permitting transportation companies to adjust rates and services on five days' notice, to eliminate costly delays, and (2) easing the burden of taxation on commuter-service facilities by setting up revised standards for assessments of railroad property. (Illinois railroads pay almost 40 times the taxes paid by all their competitors combined.)

Elsewhere, the evidence is a little more encouraging.

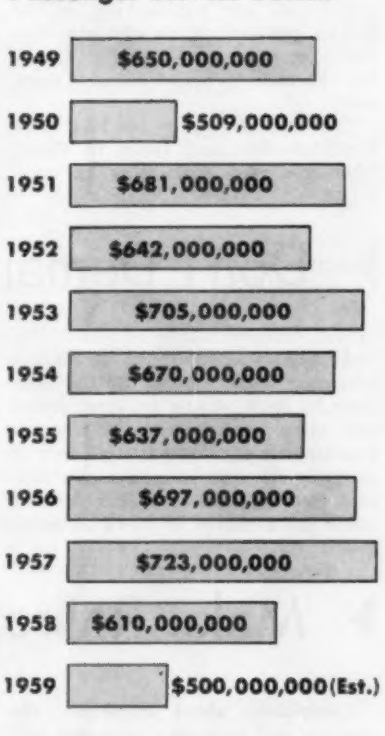
New York State has taken a stride in the right direction by voting railroad tax relief and putting up the money to finance badly-needed new passenger equipment. The tax relief won't become fully effective until 1963—but token amounts have already been deducted from 1959 tax bills.

The City of Philadelphia is helping pay for the extra cost involved in an experiment that offers more and cheaper railroad service as an inducement to bring riders back to the rails.

The American Municipal Congress a few weeks ago agreed on a program that could lead to wider local government participation in solving transportation problems. It contemplates, among other things, railroad tax relief on the local level.

Most state and local governments take action only after a crisis forces someone to push a panic button. Then, when the excitement has died down, apathy returns. What's needed is a carefully planned, continuing search for long-term solutions. It's a long-term problem.

Passenger Service Deficit



$7 BILLION QUESTION: How long can the railroads continue to absorb losses like these on passenger trains? The passenger service deficit in 1959 was below the average for the decade—but half a billion dollars still went down the drain. That was nearly as much as the railroads earned on all operations during the year.

Give a Day's Work for a Day's Pay

An express train on a 16-hour run between Chicago and Denver has to stop about every two hours—not to pick up passengers but to change crews. Each crew member then calls it a day and draws an average of 1¼ basic day's wages for his two hours' running time.

Passenger locomotive crews—under a 40-year-old pay system—get a basic day's pay for every 100 miles. This means that railroads, to move a single passenger train 3,000 miles across the continent, must pay the equivalent of at least 30 basic days' wages. Passenger trainmen get a day's pay for 150 miles.

Railroad management's demands for the updating of costly work rules like this are now in the unions' hands.

Railroads are not seeking, in the present negotiations, to eliminate firemen from passenger locomotive diesels. But the issue is bound to arise eventually.

"The fact is," points out PRR Vice President—Personnel James W. Oram, "that millions of train miles are operated every year, passenger train miles, without a fireman — thousands of subway trains, commuter trains, electrified commuter trains, trains in foreign railroads—all without a fireman . . ."

Direct labor expense amounts to 21% of passenger operating costs. By putting train and yard crews on an hourly basis and using only the crews actually needed for safe and efficient operation, labor costs might be cut in half. From this sound basis, the number of jobs might begin to grow instead of continually shrinking.

Memo to Employees

X	**Give a Day's Work for a Day's Pay**
X	**Don't Demand 'All or Nothing'**
X	**Make Railroad Travel Pleasant**

Don't Demand 'All or Nothing'

An all-too-common fate overtook a passenger train operated by the Minneapolis & St. Louis between Albert Lea, Minn., and Albia, Iowa. This was a seven-hour run—and a single crew in each direction could easily have handled the train. But the labor contract called for a change of crews en route. This artificially raised the operating cost so that an annual loss of about $29,000 was being sustained. A day's work for a day's pay by the crewmen could have eliminated the deficit. Instead, the train was eliminated.

Another western train that was losing $31,000 a year could have been saved by a crew reduction—but the brotherhoods rejected the proposal. Not because the train couldn't have operated just as well with a smaller crew—but because the unions feared setting a precedent. Result: discontinuance.

By demanding all—or nothing—the unions can end up with nothing.

Make Railroad Travel Pleasant

Complaints about employee discourtesy and inattention pour into railroad offices by the sackful. Observance of the following rules—among others—would eliminate a lot of them:

1. Don't give out train information as if you were being asked for the moon. If your own railroad can't fill the customer's needs, suggest another.
2. Make it easy for passengers to get on and off trains. This means having Redcaps when and where needed.
3. Keep the passengers informed. If the train is delayed en route, tell the passengers why—and how long the delay is likely to last.
4. Look for a tip not as an automatic tribute—but for services performed.
5. Make the passengers feel wanted. A passenger conductor may not be able to match an airline hostess in looks, but he can in hospitality.
6. Give prompt attention to passengers' needs. Avoid the "Don't bother me—I'm busy" attitude.
7. With many small stations closed, and larger ones open only during business hours, passengers are apt to board trains without tickets. Treat them like welcome customers.
8. Keep passengers informed about services—dining, unsold sleeper space, etc.

Don't Demand 'Stand-By' Service

In Cleveland on a recent stormy night, a major airline cancelled all flights to New York and a mild stampede developed for railroad sleeper space. One gentleman, informed that there was no space left, commented with annoyance: "No wonder the railroads have a passenger problem—they won't buy enough equipment, and you can never get space when you want it."

"When you want it" is, for many people, when airplanes are grounded and highways are icy or fog-bound. But passenger trains are expensive items for mere stand-by duty. A new railroad passenger car costs around $225,000. Crew wages are sky-high.

The people who demand stand-by service are cousins to those—usually in citizens groups and Chambers of Commerce—who almost automatically oppose any train discontinuance. Often, for no better reasons than civic prestige or sentiment, they fight to keep trains running long after they have ceased to be essential either to public convenience or public necessity.

Memo to the Public

X	**Don't Demand 'Stand-By' Service**
X	**Pay for What You Get**
X	**Tell Your Legislators**

The voice of the people is a strong one. Used wisely, it can help preserve passenger service. Used indiscriminately, it can hasten its end.

Pay For What You Get

Railroads have lost over $1,400,000 a day—every day—since World War II on passenger trains.

How long can they continue to absorb deficits like this without relief? Forever, a large portion of the public apparently feels.

The giveaway of vast sums of public moneys to air, highway and water carriers is accepted by the public as a matter of course. But when railroads ask for any kind of relief, the public is apt to react—in the words of PRR Chairman James M. Symes—"as if burglars had asked for changes in laws against safecracking and housebreaking."

The same hand that votes "Yes" for an airport bond issue moves into the "No" column for a railroad tax relief proposal.

In New Jersey, where the railroad passenger problem is particularly thorny, Governor Robert Meyner proposed using New Jersey Turnpike profits to help pay for essential railroad passenger service. But the people overwhelmingly rejected the proposal at the polls last November. As a result, one road is seriously considering abandoning all New Jersey passenger service. Others may be forced to make drastic curtailments unless the legislature can come up with a "crash" program.

Railroads don't want the kind of public subsidies that have been lavished on their competitors. But a number of them in the East, where huge commutation losses compound the problem, do feel that communities which demand passenger service should at least share the burden of its cost.

Tell Your Legislators

"If people really want to help preserve passenger trains," suggests AAR President Daniel P. Loomis, "they should not simply blast rail management but should turn instead to the nation's legislators and demand equality of treatment and a fair deal for railroads."

No one reads his mail more carefully—or answers it more quickly—than an elected office-holder. Many a major law has passed—or failed—simply because a lawmaker's mail was heavily for or against it.

Mr. Loomis has suggested several points that people interested in preserving passenger-train service might profitably take up with their lawmakers: relief from mountainous state and local taxes; freedom to "prune back the dead branches of unpatronized and unprofitable passenger services so that the main limbs of needed service may be strengthened"; rooting airlines and other subsidy-propped transportation companies away from the public trough; shorter depreciation lives for railroad property; authorization of tax-deferred construction reserve funds; full repeal of the passenger fare tax.

Memo to Railroads

X	Restore Public Confidence
X	Recognize the *Real* Competition
X	Make Rail Travel Easy
X	Look for New Markets
X	Tell the People

Restore Public Confidence

The Vermont Public Service Commission is putting "plainclothesmen" on passenger trains. Their mission: to check up on charges—made publicly by a former U. S. Senator—that one road is deliberately making its service inconvenient and leaving its cars dirty to discourage patrons and provide grounds for discontinuance.

Actually, this particular road has, in the past four years, invested over $18,-600,000 in new, completely modern passenger equipment.

But charges like this, whether true or not, are widely believed. And all the paid advertisements in the world aren't going to undo the damage.

The publisher of this magazine rode a dining car the other day that "shimmied so severely that coffee just wouldn't stay in the cups." The condition of the car had been reported for nine days— but nothing had been done. Estimated cost of the delay to the railroad: "approximately 2,000 passenger-mad-hours."

The theme of this series is: "If the people are for you, anything is possible." By the same token, if they're against you, almost nothing is possible.

A good way to pit public sentiment against the railroads—at a time when the industry desperately needs public support for its legislative program—is to neglect that part of the road most familiar to the public: the passenger train.

Recognize the Real Competition

"The trouble with us railroad men," says one midwestern passenger traffic manager, "is that we're scrapping among ourselves so much we're letting the highways and airways run off with the business."

A lot has been accomplished toward adopting an industry-wide approach to what is, essentially, an industry-wide problem. But much remains to be done.

To eliminate duplicate trains, service has been pooled between some points—for example, Portland and Seattle. But, in other areas, trains of competing roads still leave in clusters—often nearly empty. Between two midwestern cities several roads have trains that leave and depart at about the same time—and it's an unprofitable run, with heavy competition from a multiple-lane superhighway.

A midwestern road instituted a 22% passenger fare reduction in a bid for more traffic. As a result the number of passengers carried increased 23%, revenues climbed 12%. "It would have been a hell of a lot better," says the GPTM, "if our connections had gone along with the reduction."

A one-fare proposal for western roads never got anywhere. Some railroads threatened to undercut any fare agreed upon by the others.

Many GPTM's would like to see a pooling of ad money. The idea: advertise railroad travel—not just particular trains. "Eighty per cent of the people today think it's always cheaper to travel by air than by rail," says one passenger man. "It's not generally true. It's *not* true, most places. But you can't kill that impression with a few spot ads."

Make Rail Travel Easy

It isn't likely that railroads deliberately harass their patrons—but it sometimes seems that way.

An eastern businessman meeting relatives on a delayed train during the recent Christmas season tried for two hours to find out the time of arrival. He never got past the switchboard of one of the nation's biggest railroads. Finally, he got the information through a friend of his who happened to be an officer of the road.

Little things like this can make big enemies.

Smoothing the way for the passenger —from the time he first calls up for train information, until the time he steps down at journey's end—could help reverse the flight from the rails to the highways and airways by winning new customers, and keeping old ones.

Look for New Markets

Some people are predicting doomsday for the passenger train. Others are more optimistically occupied in going out and beating the bushes for new business.

The Rock Island last year sold 15,526 tickets, realized $106,242.78 on group movements, tours, excursions, and package plans. The Burlington, an enthusiastic promoter of "creative" traffic, has counted "many thousands of dollars of new revenue" as a result.

The opportunities are almost limitless. The Missouri Pacific runs "Night at the Opera" tours, among others. Atlantic Coast Line ran a special train out of a Florida town that hadn't seen passenger service in 25 years. Louisville & Nashville ran an "Around the Mountain Autumn Leaf Excursion" on an all-freight line.

Some enterprising railroads are tapping new markets with passenger-incentive plans and service tailored to present-day—rather than turn-of-the-century—demands. Fare reductions have become more common than fare increases. An increasing number of roads are offering sleeper space at bargain rates to coach passengers. A new day also seems to have come to the diner. The Milwaukee attributes a 22% increase in business on the "Pioneer Limited" between Chicago and Minneapolis to the fact that it completely rebuilt the diners on the run.

Tell The People

The American people have time and again demonstrated their concern for railroad passenger service. They—and they alone—have the power to rescue the passenger train from oblivion.

It's up to the railroads to translate this concern into effective action—to win the people's confidence, and then arm them with the facts they need to win for the passenger train a fair deal from the nation's lawmakers, union leaders and tax assessors.

Railroading  After Hours with Jim Lyne

NON-FATAL ERRORS—When Sylvester Witt retired last month as head of the traffic department, NKP, one of the Cleveland papers erroneously attributed him to the Erie—thereby occasioning some amusement among railroaders and embarrassment to the scribes involved. Such slips by other publications never give me a grin, though—because I know I'm not immune. When writers (and I include writers of letters, not just those for print) make these errors, they should all thank their lucky stars the writing they do is not train orders or prescriptions for medicine. Some mistakes are lethal—including those which are just as easy to make as some which result only in laughter.

DEBATE ON WORKING RULES—I get a lot of mail from well-intentioned people who believe they have the answer to the issue of so-called "featherbedding," and other points of dispute between railroad managements and unions. But, at the present stage of negotiations, responsibility from the management standpoint has been placed in the hands of official negotiators—and getting a fair and peaceful settlement of a thorny problem like this isn't going to be helped any by having a general free-for-all debate on the question.

If the President had acceded to railroad management's request that a fact-finding commission be assigned to this issue (as was done in Canada when a Royal Commission made an exhaustive study of the "firemen off" proposal), everybody with ideas would have had a chance to present them. Unless and until such an orderly forum is made available in the U.S., my guess is that widespread popular debate of the many facets of this question may confuse the issue rather than clarify it.

SAN JOSE & GALLIPOLIS—There are some place and station names in the U.S. that follow the pronunciation of their origin—for example, San Jose is usually pronounced Hozay. But not in Illinois where, they tell me, it's "San Josie"—with the J as in Jack and the word rhyming with mosey.

There's a place in Pennsylvania called Coraopolis—which is pronounced just as you'd expect, with the accent on the middle syllable. On the other hand, in Ohio, there's Gallipolis—which, they tell me, is pronounced as if it were "gala police," with the accent on the last syllable.

And of course, these Indian names we have are pronounced every which way—and my guess is nobody would score 100% on all of them in a pronunciation bee. With all the Indian station and place names we have, it's strange we don't have more Indians than we do in railroad service. I personally know just one—a passenger trainman on an Eastern railroad. Probably there are more of them in the Southwest, and if there's any authoritative information on the subject, I'd like to get it into the record. We've got every nationality, almost, in the railroad business—but, so far as I've seen, not too many original Americans.

New Products Report

Miniaturized Tape Reader

The model 28 miniaturized LXD set is a punched tape reader that is some 40% smaller in size and weight than previous models. It features facilities for sequential (serial) output, 100-word-per-minute transmission and reduced power requirements. Optional contacts are available for multi-wire output and may be had to read 5 or 6 level chadless or fully perforated tape. *Teletype Corp., Dept. SP-8-RA, 4100 Fullerton Ave., Chicago 39, Ill.*

Tape Winder and Unwinder

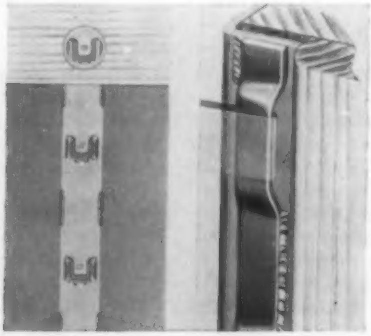
This motor driven portable tape winder can be set on any flat surface of suitable size. More than 1,300 ft of chadless tape can be wound on the 12-in. reel. The roll of punched tape can be removed from the winder and placed on the tape unwinder (also available) to be fed into a transmitter from the center of the roll. Available for 5, 6, 7, and 8-level tapes. *Western Apparatus Co., Dept. RA, 2001 Greenleaf St., Evanston, Ill.*

Wiring Duct

Taylor wiring duct is extruded from high impact rigid vinyl. Standard length is 6 ft; other lengths are available. It can easily be cut with any hand or power cutting tool and won't chip, crack or peel. Elongated mounting holes are spaced on 4-in. centers. Also available with closed slots or round holes or without holes. Corner strip and polyethylene or nylon wire wrap also available. *Taylor Electric, Inc., Dept. RA, 15400 Dale, Detroit 23, Mich.*

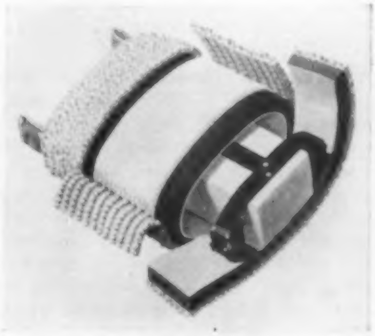
Hydraulic Derrick

The series PM-30 "Pole Master" oscillating hydraulic derrick has a vertical operating arc of more than 200 degrees extending from the stowed position to just above the ground. Head sheave can be spotted at any point in this arc. It can be moved horizontally at any angle of elevation within a 180-degree arc from one side of the body to the other. Two sizes are available. *McCabe-Powers Body Co., Dept. RA, 5900 N. Broadway, St. Louis 15, Mo.*



Lading Strap Anchors

Multiple lengths of the continuous bar type anchor for steel lining (left) with 6-in. anchor spacing permit multiple choice of anchor locations. The door post anchor (right) supplies multiple strapping locations in three 3-ft sections per door post. A retractable gondola anchor, welded to the top chord angle, can also be used at side sill for flat cars. *MacLean-Fogg Lock Nut Co., Dept. RA, 5535 North Wolcott Ave., Chicago 40.*



Improved Lubricator Pad

New spring-steel rings with radius reinforced clips, continuous lubrication wick, and a new polyurethane foam core, have been incorporated in the Spring-Pak lubrication pad and conditionally approved by AAR. The rings, it is said, are damage-proof in normal operation, assure constant pad contact with the journal, and are not affected by oil or heat. *Spring Packing Corp., Dept. RA, 332 S. Michigan Ave., Chicago 4.*

ICC WOULD SCAN ALL FINANCING METHODS *(Continued from page 11)*

measure, which was designed to discourage non-essential travel, should be repealed in its entirety." The report adds:

"Important segments of our public transportation system continue to suffer heavy losses from passenger operations, and this tax, of course, serves to aggravate that situation by encouraging the use of private carriage for intercity travel and thereby depriving the carriers of much needed revenue."

Meanwhile, the report says nothing about the pending track-car bill S.1425. This would give the Commission power to prescribe rules for the operation of track motor cars; and the Commission favors it as a "safety" measure, having taken that position at hearings last year before the Senate Committee on Interstate and Foreign Commerce. The bill is sponsored by the Railway Labor Executives' Association, but the railroads oppose it as a "make-work" measure.

Another similar bill was passed in 1958 to become the Power or Train Brakes Safety Appliance Act. This gives the Commission authority to prescribe rules for the inspection, testing and maintenance of train brakes. The report says the fiscal year under review brought a "very substantial increase" in the number of complaints alleging carrier violations of safety regulations; and "many of them" involved procedures under the new act.

Of its legislative recommendations as a whole, the Commission says they are "generally of a procedural nature," involving matters "not likely to be dealt with in the broad transportation study" under way at the Senate's Interstate Commerce Committee. That's the so-called Senate Resolution 29 inquiry being conducted by Maj. Gen. John P. Doyle and his staff.

The Commission professes optimism about prospective results from this Senate inquiry. It gives promise, the report says, of turning up "considered equitable answers" to some of the "broad questions of transport policy" which have been raised by the shifting of traffic among the various types of carriers, and the "continuing financial difficulties of some major carriers." The Commission recognizes that the questions involved have been posed for some time, but says the need for answers has been growing more urgent in recent years.

The chiding the railroads get for their failure to order more cars is a mild one. "Railroads," the Commission says, "cannot hope to attract new business by improved service unless they have facilities to handle the business now being offered and likely to be offered in the near future."

The report goes on, however, to say that railroads, in recent months, have placed "substantial orders for new freight cars and have begun large-scale car repair programs"; so the situation has "materially changed" from that of recent years, when roads "reduced purchases of new cars to a fraction of monthly retirements," and "allowed their existing freight-car fleets to fall into disrepair."

"However [the report continues], with the economy of the country continuing to recover, and with the resulting predictions of car shortages, there is some doubt as to whether sudden spurts of freight-car buying and repair work may be a real solution of the problem of adequate car supply, especially in view of the lead time required for delivery of new cars and heavy repair programs. Moreover, few carbuilders and component manufacturers can afford to carry substantial inventories of railroad freight-car materials, in view of the record of extreme irregularity of freight-car purchases over the years."

That the Commission has expressed these misgivings to the AAR is revealed in the report. It says the "deteriorating condition" of the freight-car fleet was brought to the attention of the association's president more than a year ago, when the Commission "strongly urged" him to convey its concern to the member roads. "It was pointed out," the report says, "that many carriers would not be in a position to accommodate even a slight increase in traffic."

The Commission's warning that standardization of containers and interchange devices is "essential" is part of the report's illustrated section on the development of facilities for coordination of transport services. The report says:

"All forms of transportation should adopt a uniform container size which would be interchangeable for carrier use on land by rail and truck lines, on water by inland barge and ocean-going ship operators, and in the air by freight-lifting cargo planes. Complete standardization would require that the carriers also adopt simple and standard facilities for the loading and unloading of the standard containers.

"The lack of standardization in piggybacking and containerization is daily becoming a more and more serious problem. Some railroads already have had to adopt more than one system in order to handle piggyback and container shipments interchanged with other railroads. If the present trend continues, most large terminals on all railroads will have to be equipped for handling two or more different systems."

Following its habit of recent years, the Commission says something about the hot-box problem. It was unable to report progress, however, because "the record of trains delayed by hot boxes was worse last winter than in prior years."

New England to Lose Trains?

Maine Central President E. Spencer Miller charged last week that "government policies have now fashioned the end of the railroad passenger train."

He predicted that "all but a few" of New England's long-distance passenger trains will disappear within the next 10 years. He said that long-distance intercity travel will belong "more and more exclusively" to the airlines.

Mr. Miller, who is chairman of the New England Railroad Presidents' Study Committee, also told the New England Council and the Transportation Association of America, meeting in Boston:

- Rail commutation will increase in large cities such as Boston and New York during the coming decade, and will be subsidized by federal, state and local governments.
- New, fast merchandise trains will carry the region's mail, express and package freight.
- A system of highway user charges will be established and will promote a more realistic competitive situation between trains and trucks. He also foresaw "a closer marriage of the highway trucker and the railroads."

"We cannot predict with certainty," Mr. Miller said, "that railroads themselves will be more extensively in highway operation, and yet this seems probable, and should be encouraged by statutory enactment."

Referring to the Maine Central, Mr. Miller said: "An opportunity is presented immediately to handle mail on new merchandise trains tailored to the needs of the Post Office Department, if we can get rid of passenger service in its entirety.

"If the Maine Central is successful in elimination of passenger trains and substitution of merchandise trains, we can replace a $700,000 yearly out-of-pocket deficit with a $50,000 profit, and enter a new and expanding field," he added.

Doubled Railroad Profits Seen

► The Story at a Glance: Doubling of railroad profit levels during the next decade and gains in traffic which should see U.S. roads again producing 50% of all domestic gross ton miles—up from the current 43%—were predicted by J. D. Loftis of ACF Industries last week. These are among developments which should make railroading's next decade a "revelation," according to the marketing director of ACF's American Car & Foundry Division.

"The railroads are a growth industry, calamity howlers notwithstanding," ACF's J. D. Loftis told the Transportation Research Forum in New York. "Their growth will result principally from unbelievable improvements in both equipment and methods in the years ahead."

Capitalizing on the low costs of their main-line operations, and abandoning "obsolete and unprofitable" branches and terminals—operations which Mr. Loftis said are now the "role" of trucks—should make possible a 50% reduction in rail freight transportation costs.

"Railroads will cease to be terminal-to-terminal operators and instead will really contribute low cost transportation between load centers," he predicted.

'Papers' Chairman Named

The U. S. National Commission to the Pan American Railway Congress Association has named John W. Barriger, president of the Pittsburgh & Lake Erie, chairman of the "papers committee" for the Tenth Pan American Railway Congress, to be held in Rio de Janeiro Oct. 12-27.

All papers by U. S. citizens, to qualify for submission to the Tenth Congress, must be approved by Chairman Barriger and the U. S. National Commission, which is headed by AAR President Daniel P. Loomis. Those contemplating submitting papers should communicate with Mr. Barriger, advising him of the subjects they wish to write upon, and securing his assent as to the acceptability, under Congress rules, of the subject.

It is customary at these Congresses to make substantial monetary awards to writers of papers deemed most worthy.

He added that the "load center" concept is one in which demands for volume movements should not be circumscribed by the geographic limits of individual railroads.

Growth in the railroads' share of total traffic will be made despite the abandonment of branch lines, said Mr. Loftis. Branch and terminal costs are "twice the main-line costs" and their elimination will make it possible to reduce costs to a point where railroads will be in a more competitive position, utilizing their physical plants more effectively.

"I do not think it is unrealistic," Mr. Loftis concluded, "to forecast that railroads will handle 50%, or more, of the constantly increasing inter-city transportation demands." Lower costs will result not only in savings for shippers, but will mean increased profits for railroads—"to the level of 6%, or better."

Mr. Loftis foresees that "pipeline methods will be employed in railroad freight transportation . . . We are facing the probability that much bulk product business will go to the pipelines. Railroads will counteract this by fighting fire with fire—by adopting pipeline-like operational methods themselves. This they will do by developing load-center to load-center transportation techniques, creating high-volume situations permitting more trains to run more frequently where volume opportunities make it efficient to do so.

"Product pipelines send through large 'slugs' of individual products that have been collected at one load center to the distribution center where they then spread out and are distributed to using points. I believe railroads will operate similarly, substituting wheels and rails for pipelines. This means there will be few rail freight yards as we now know them, but many load centers for the assembly and dispatch of railway and highway vehicles. This less permanent type of plant will permit greater flexibility for the railroads to follow the changing pattern of load centers. Automation will be the factor that will make pipeline-like methods of transportation possible."

Turning to the future of railroad rolling stock, Mr. Loftis said that "the trend toward greater utilization will increase, causing equipment to wear out." A total life of 10 to 15 years will eliminate the situation in which obsolete cars in unsatisfactory condition are called upon to do jobs for which they were not designed. An important by-product of greater utilization will be smaller fleets. More frequent renewal will keep the total car fleet abreast of technological advancements. Railroads will then tend to "regularize" their equipment buying patterns.

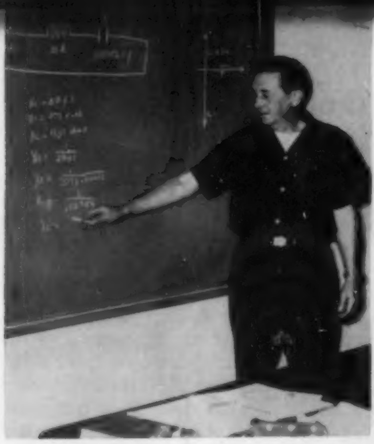
He touched on the shapes of cars to come: "You may consider demountable containers as part of the overall piggybacking picture," Mr. Loftis said. "Stimulated by the interest and research of the railroads and their suppliers, [containerization] promises to be the 'dark horse' of freight transportation. The clues to this are the many advantages to shippers that take containerization far beyond the limits of piggybacking."

As the Publisher Sees It . . .

Nearly everybody has heard about the backyard steel industry in Red China. Akin to that effort, —and apparently a little more successful—has been a railway built by volunteer youngsters. Railway construction, according to the Peking publication "China Reconstructs," is a very big item on the national agenda, but not included in their present program was an area in the Lesser Hsingan Mountains in Northeast China. Here an army of young peasants, whose ages range from 15 to 28, and who had no training for the job, have set out to build a 62-mile standard gage line. Part is already open. Involved, besides the movement of earth, is construction of 350 bridges and culverts and 22 stations. The new line traverses an area rich in timber and rare metals and the railway is badly needed. The Railway Bureau has contributed material and some technical workers. The Communist Youth League supplied the manpower. There were 30,000 youthful volunteers, 7,000 of whom were selected. A great many girls were among them.

It seems that those nations most bent on industrial growth and economic dominance still put the railroad in the foreground in transportation considerations.

Robert G. Lewis



INSTRUCTOR W. I. Quinn at the blackboard: Use of vector diagram aids in analysis of components of ac series circuit.

PLANNING SESSION for Jacksonville Terminal's electrical course involves (left to right) George W. Sabo, U. S. Department of Labor; H. M. Brinson, president, IBEW Local 1946; A. C. Herrington, Terminal master mechanic; J. H. Kirchain, general chairman, Local 1946; J. F. Shannon, Terminal general foreman; and Mr. Quinn.

New Slant on Shop Training

The little Jacksonville Terminal is pioneering a new approach to shop craft training: formal refreshet and advanced courses for journeymen.

The Terminal is past the midpoint in a 42-hour course for electricians. Similar training is in the works for carmen and machinists on two other southern roads.

It's the hope of the U.S. Department of Labor's Bureau of Apprenticeship and Training that these pilot programs will provide basic outlines for use on any railroad, large or small.

This type of training, the Bureau believes, is especially significant in view of the declining number of new apprentices entering railroad service. Aim of the program is to aid the carriers in developing skilled craftsmen by giving the individual mechanic:

- Material assistance in increasing knowledge of his trade.
- Confidence in his ability to perform any job within the craft.

Coincidentally, the Bureau was seeking a property to start a pilot program at the same time A. C. Herrington, Terminal master mechanic, was studying the possibilities of providing such training in the road's electrical department. The 42-hour course—it's both refresher training and advanced training—was the result.

Enthusiasm Runs High

Both Mr. Herrington and Terminal President and General Manager J. H. Gill are enthusiastic about the potential. The training, Master Mechanic Herrington points out, is designed to keep the Terminal's electricians "abreast of the new developments brought about by demands for more conveniences and services which their craft is required to maintain [Terminal is concerned almost exclusively with passenger equipment and motive power] . . . With the completion of this course, we believe that our workmen's knowledge will be increased in the principles of electricity and operation of electrical equipment and that that will, in turn, increase the efficiency of the railroad's electrical department."

Mr. Gill concurs. The initial interest displayed by participating employees, he comments, "indicates we will have good results from this program."

The Terminal itself employs 45 electricians. All but a few are attending the classes. Attendance has been swelled by the participation of 10 electricians from two other companies involved with rail equipment maintenance in Jacksonville.

Both management and labor are behind the program (financially as well as morally—each donated to a fund used for providing training materials).

Training classes are held twice weekly, between 7:30 and 8:30 a.m. Tuesdays and Thursdays. Employees give 30 minutes of their own time and attend 30 minutes on company time.

Efforts have been made to provide visual aids and complete reference material. Most class discussions are accompanied by a film. Technical references

(*Continued on following page*)

SHOP TRAINING

(*Continued from page 25*)

(among them materials from General Motors; Frigidaire; Fairbanks, Morse; Westinghouse; General Electric; Simmons-Boardman) are given to class members at the close of each session.

According to George W. Sabo, Bureau transportation representative at Nashville, Tenn.: "Response from other railroads has been excellent." Two larger carriers are developing programs for other crafts. And about a half dozen roads are studying the possibilities of providing an electrical program patterned after Jacksonville Terminal's.

Classes on the Terminal, incidentally, are both formal (there's an instructor, a teacher obtained through the local technical high school trade extension), and informal (classes are run on a self-evaluation basis and each man makes his own determination as to his individual needs in improving his skill).

The program—technically a "journeyman self-improvement program"—is set up under a memo of understanding between the Terminal and Local No. 1946, IBEW.

Subject Matter Is Varied

First class—on electron theory and Ohm's law—was held Oct. 1. Since then, training has progressed to series and parallel circuits, electrical power and energy, batteries, conductors, magnets and magnetic fields, generation of electromotive force, the direct current motor. November classes went into lighting circuits, wiring methods and material, remote control systems, ac principles, inductance and inductive reactance, capacitance and capacitative reactance, single phase 3-wire service, three phase 3-wire service.

In December the class studied fluorescent lighting, operating principles of the dc generator, and dc motors. January started with a general conference, then moved into manual starting rheostats for dc motors, manual speed control and special starting controllers, principles of automatic motor control, dynamic braking with motor reversal control, polyphase circuits, the three-phase wye connection and three-phase delta connection.

Four sessions in late January and early February will deal with transformers. Then the class will move on to three-phase alternators, the three-phase squirrel cage induction motor, the three-phase wound-rotor induction motor and three-phase motor controllers.

The course will end in March with classes on motor maintenance and electrical hazards and, finally, a general review.

MARKET OUTLOOK *at a glance*

Carloadings Rise 3.0% Above Previous Week's

Loadings of revenue freight in the week ended Jan. 2 totaled 483,012 cars, the Association of American Railroads announced on Jan. 7. This was an increase of 14,260 cars, or 3.0%, compared with the previous week; an increase of 14,793 cars, or 3.2%, compared with the corresponding week last year; and an increase of 10,728 cars, or 2.3%, compared with the equivalent 1958 week.

Loadings of revenue freight for the week ended Dec. 26 totaled 468,752 cars; the summary, compiled by the Car Service Division, AAR, follows:

REVENUE FREIGHT CAR LOADINGS
For the week ended Saturday, Dec. 26

District	1959	1958	1957
Eastern	73,199	68,331	63,968
Allegheny	95,107	75,848	74,712
Pocahontas	37,743	32,559	29,679
Southern	85,169	78,749	73,060
Northwestern	50,509	48,988	48,408
Central Western	90,824	91,537	83,288
Southwestern	36,201	36,086	36,483
Total Western Districts	177,534	176,661	168,179
Total All Roads	468,752	432,148	409,598
Commodities:			
Grain and grain products	34,353	43,320	40,139
Livestock	2,728	2,864	3,588
Coal	91,311	89,402	80,585
Coke	10,301	7,826	6,433
Forest Products	30,756	24,696	21,860
Ore	20,007	11,964	12,450
Merchandise l. c. l.	29,077	31,966	34,853
Miscellaneous	250,219	220,110	209,690
Dec. 26	468,752	432,148	409,598
Dec. 19	615,365	571,147	590,314
Dec. 12	641,972	589,353	603,140
Dec. 5	649,639	594,884	617,836
Nov. 28	574,126	539,489	553,722
Cumulative total, 52 weeks	30,990,638	30,226,210	35,500,148

PIGGYBACK CARLOADINGS.—U.S. piggyback loadings for the week ended Dec. 26 totaled 6,284 cars, compared with 4,231 for the corresponding 1958 week. Loadings for 1959 up to Dec. 26 totaled 415,156 cars, compared with 276,767 for the corresponding period of 1958.

IN CANADA.—Carloadings for the seven-day period ended Dec. 21 totaled 64,536 cars, compared with 66,073 for the previous seven-day period, according to the Dominion Bureau of Statistics.

	Revenue Cars Loaded	Total Cars Rec'd from Connections
Totals for Canada:		
Dec. 21, 1959	64,536	28,743
Dec. 21, 1958	66,793	27,426
Cumulative Totals:		
Dec. 21, 1959	3,775,635	1,378,809
Dec. 21, 1958	3,689,663	1,374,421

New Equipment

FREIGHT-TRAIN CARS

► *American Refrigerator Transit.*—Ordered an additional 100 50-ft, 70-ton steel-sheathed Class RP mechanical refrigerator cars from Pacific Car & Foundry at a unit cost of approximately $27,000. Previous order was for 50 cars (RA, Nov. 16, 1959, p. 31).

► *Central of Georgia.*—Ordered 10 flat cars for February delivery from Ortner Co., Cincinnati.

FREIGHT-TRAIN CARS—SPECIAL

► *Repair Ratio Down 0.4%.*—Class I roads on Dec. 1, 1959, owned 1,687,932 freight cars, 40,711 less than a year ago, according to AAR report summarized below. Repair ratio was 0.4% less than the corresponding month of 1958.

	Dec. 1, 1959	Dec. 1, 1958	Change
Car ownership	1,687,932	1,728,643	—40,711
Waiting repairs	135,121	145,731	—10,610
Repair ratio	8.0%	8.4%	— 0.4%

LOCOMOTIVES

► *Great Northern.*—Locomotive upgrading program for 1960 will include replacement of 18 1,350-hp FT units with a like number of 2,000-hp GP-20 road switchers, built by Electro-Motive Division.

► *Lake Superior & Ishpeming.*—Purchased one 1,800-hp diesel-electric road switcher from Alco.

► *Toledo Terminal.*—Ordered from Motorola 64-volt "Stan Pac" two-way mobile radio units to equip seven locomotives.

New Facilities

► *Chicago Transit Authority.*—Capital improvements budget for 1960 will total $20,169,000, including carryover of $8,533,000 from 1959. Transit improvements include modernization of five downtown elevated stations, $200,000; installation of block signal and automatic train control system on Logan Square branch of West-Northwest L-subway route in anticipation of construction of rapid transit line in Northwest Expressway median strip, $118,000; track work, including deck, footwalk and rail renewal, $500,000; renewal of ballast on North-South route, $325,000.

► *Northern Pacific.*—Improvement program for 1960 will include expenditure of approximately $5,500,000 to relay 72 miles of main track with 115- and 132-lb rail and to relay 67 miles of branch and secondary track. About 44 miles of main line relay will be continuous welded rail. Other improvements scheduled: application of ballast to 163 miles of main and branch line, $1,600,000; installation of CTC over 90 miles between Livingston and Laurel, Mont., $1,400,000; construction of shop and roadway buildings and freight and passenger station facilities, $1,200,000.

What's Holding Up Railroad

► The Story at a Glance: In the last three years, about 30 major railroads have studied the possibilities of merging with one or more other carriers. Four roads have merged. Two others are before the ICC now with a merger proposition.

What's happened to the other studies? What are the problems merger-minded roads encounter—and are they insoluble? What chance do mergers have with government and with the railroads' many publics? Will the current spate of merger proposals bring any real redrawing of the railroad map?

Here are some of the problems top management sees—and the possible solutions, where solutions exist.

Nashville, Chattanooga & St. Louis was merged into parent Louisville & Nashville in late 1957. Norfolk & Western and Virginian merged Dec. 1. Lackawanna and Erie are before the ICC with a merger application. More than 20 other roads are progressing—slowly—with merger studies. Whether they're progressing toward merger has become an oft-asked question. A few roads have abandoned merger talks entirely.

"It would seem that a lot more people are talking than merging," says the chief executive of a western road. "Believe me, it's no simple problem. Probably if two men could sit down and work it out, we'd have quite a few more mergers. But it just can't be done that way."

The president of another western line concedes that mergers face "pretty formidable obstacles. A major railroad is a large, complex organization—affected by a variety of shipper and community interests, labor problems, financing problems . . . In the abstract it's easy to lay out 'ideal' mergers—but there has to be agreement among ownership interests and you may be dealing with ten or twenty thousand stock and bond holders."

Still, this president believes, "the industry has more plant than it needs. I'd say we'll see major mergers in the foreseeable future."

Another president isn't quite so optimistic. He runs a property which, on the map, looks like an attractive candidate for merger—yet his road has been largely held intact for 50 years. And it isn't talking merger with anyone now.

This president tells wryly of an exploratory session with officers of another road. Even after the first meeting, he comments, "I knew it would be a long, long time before we ever reached agreement on a stock exchange." The proposition died there.

Financial arrangements shape up as the primary internal problem. Reaction of shippers, community interests, labor interests—and other railroads—form the major external problems. Many budding mergers wilt when financial studies are made. Others can't overcome public or labor or competitive wariness without excessive dilution of the benefits possible through merger. As one president pointed out, merged roads might have to maintain duplicate facilities to placate shippers and local interests—"but you're diluting the advantage—making a merger that produces less than the total economies possible. If you have to go too far this way, then there's no point in starting at all."

Competition among railroads is another factor, evidenced in various ways: By outright opposition to merger of neighboring roads; by "defensive" merger studies, undertaken when a competitive road moves toward possible merger; and finally, by changes in traffic and interchange patterns which merger may produce. All three angles can be acute. Three roads are now opposing the Lackawanna-Erie consolidation. "Defensive" studies could conceivably produce a merger stronger than the one which touched off the flurry. And, one western president notes, on an end-to-end combination producing a new through route, the merging roads face potential loss of traffic from interchange with other through-route carriers. New business must be generated to make up for the possible loss—and with the merger "you're giving up sure traffic to take a gamble."

Whatever the specific reasons, the files are full of stalled—or abandoned—merger studies. And there's little haste evident in most of the still-active studies. Rock Island and Milwaukee are moving deliberately (RI first aiming to determine if a study actually should be made). Little has been heard recently from the ACL-SAL proposal (which may well run into opposition from Southern if it gets before the ICC). Soo Line, DSS&A and Wisconsin Central—with a "family" merger that should lack at least some of the problems of unrelated-company mergers—have proceeded methodically with a study for about a year. The outlook now, however, is for "substantial progress" toward consolidation in 1960. Soo Line's optimism isn't visibly shared across the river in St. Paul, where the long-discussed GN-NP merger appears to be at a virtual standstill. About a year and a half ago, there was some indication that a formal proposal wasn't far off—but the rest of 1958 and 1959 passed without action.

Railroad officers—those involved in merger study and those who some day may be—shy away from specifics in discussing problems and solutions, prospects and possibilities. But they raise these points in talking consolidation:

- The public climate now is probably as good as it's going to be. There's a realization of the industry's problems. Merger was one of the areas which the Smathers subcommittee suggested that the railroads explore more thoroughly.
- There's not likely to be any easing of legislative or regulatory restrictions on merger. One president contends that "the law is sufficient to permit mergers in proper cases. It's not practical to legislate out obstacles."
- Worth of the property and a basis for stock exchange—stockholder pride—will remain the major internal problems: "Practical experience shows that each side has to protect itself and get the better of the bargain." Only foreseeable exceptions: Situations where stock and control of merging companies are held narrowly—N&W-Virginian, as an example.
- Much merger study will continue to be defensive: "If you find your neighbors getting together, it's time to do some looking around yourself. You can't ignore the competitive aspects of a rival's consolidating its position in your territory—or extending its lines to tap new territory."
- Shippers, on-line communities, the public generally, will have to be educated away from their fear of bigness in transportation, away from the lingering viewpoint that railroad bigness means railroad monopoly.
- Coordination efforts will make some progress. GN and Soo Line have worked out several trackage-right arrangements to eliminate parallel lines. There's some talk, among mechanical department officers, of consolidating shop operations at railroad centers. But mere coordination can't produce the economies that merger can—and competitive factors will limit the extent to which rival roads can coordinate facilities or services.

(New England roads are looking more and more hopefully toward coordination as a temporary substitute for merger. "We will know by the end

Mergers?

of the first quarter of this year how the New England railroads, short of corporate merger, can operate more as one and with stepped-up efficiency and economy," Maine Central President E. Spencer Miller, chairman of the New England Railroad Presidents' Study Committee, said last week. "It is probable that accomplishments along the line of cooperative effort among individual carriers will be developed before actual corporate mergers because of a tremendous resistance by labor, minority stockholders, selfish shippers and ambitious individuals which the merger proposal always arouses.")

- Procedures for stockholder approval of merger can cause trouble—especially where charter provisions demand two-thirds approval. "It can make it tough," one president comments, "when you have not too large a number of shares out—and a dissident really works at opposition."
- Merger proposals will continue to be rejected for compelling, if seldom publicized, reasons. Case in point is the PRR-NYC consolidation. Pennsy Chairman James M. Symes once said merger would greatly improve service, would produce savings of about $100,000,000 annually. But consolidation never moved past the study stage.
- Merger isn't "just talk"—even though many studies will probably fail, for one or a dozen reasons. Progress may be tortuously slow (few mergers can be expected to move with the speed of N&W-Virginian) but progress will be made. Or at least that's today's prevailing opinion.
- Men and their ideas will determine the course of merger. A railroad attorney contends that "it's personalities more than anything else" that shapes the course of the studies. A president sees "worth and exchange" as the basic problem—and that, he agrees, is a problem depending for solution on compromise, by men, of their ideas.

Despite the problems, merger-minded railroad men are encouraged by the activity in the field, determined that no opportunity shall be overlooked. Progress, they say, will be slow—but it will come.

In the meantime, Rock Island President Downing B. Jenks' comment to RI employees seems to key the merger picture: "If we decide to make a study, and if the study indicates a merger is worthwhile, and if the stockholders of both roads (Rock Island and Milwaukee) approve, a merger would still be years away."

TOFC Cuts Transit Time

MILWAUKEE LOADS new cars at North Harvey, Ill., for westward move.

The promise of piggyback has seldom been displayed so dramatically as in the Milwaukee Road's new auto-TOFC service.

Early last week, 56 new cars—all Chrysler products—were trucked from Detroit to the Milwaukee's North Harvey (Ill.) yard, grounded and grouped according to destination, then reloaded on stripped-down trailers and placed aboard 90-ft flat cars. The piggyback loads were moved to Bensenville yard, west of Chicago, for departure on train No. 263 at 10 a.m. last Tuesday, Jan. 5. At 6:15 a.m. Friday, Jan. 8, 263 was scheduled into Spokane, Wash., where the new automobiles were to be unloaded for over-the road delivery by truck.

Had the shipment made the 2,200-mile Detroit-Spokane move by conventional all-highway transport, it might well still be enroute today, Jan. 11. Transit time for new cars in over-the-road movement is about 10 days. The truck-rail-truck time (with Milwaukee TOFC biting off a 1,879-mile segment): an average of five days.

Chrysler, already shipping a sizeable volume of new cars via piggyback from a St. Louis assembly plant, is ready to take full advantage of the Milwaukee's new service. Director of Traffic Paul G. Fritzsching, Jr., says his company's plans "call for complete utilization of this method of transportation from our Detroit assembly plants to the Northwest Pacific area. We expect that this movement will be increased as dealer orders rise in the area served and as other western distribution points are added."

At present, the Milwaukee has unloading facilities at two western terminals: Spokane and Miles City, Mont. Close scheduling on the west end will enable the road to start empty trailers on the return move within 24 hours after arrival at either terminal.

Facilities at North Harvey include a trailer storage area, two auto storage areas with capacity for 128 cars, a ramp and two loading tracks with capacity for 18 piggyback flat cars.

The TOFC move will use 90-ft cars, built at Milwaukee shops from 45-ft flat cars permanently coupled. Until now, the road's piggyback operation has been restricted to Flexi-Van and the 90-ft units will be the first Milwaukee equipment designed for conventional circus-loading.

Makeup of the first shipment: 27 Valiants, 25 Plymouths, two Imperials, one Dodge, one DeSoto.

Cars will move under a Plan 5 tariff, with Clark Transportation Company taking over at Spokane and Miles City to distribute the automobiles to dealers in Washington, Oregon, Montana, Wyoming and Idaho. The rate schedules were protested, but ICC Division 2, acting as an appellate division, voted not to suspend.

People in the News

NEWBURGH & SOUTH SHORE.—Robert W. Keller appointed superintendent motive power, Cleveland, Ohio.

NEW HAVEN.—G. N. Sabin, assistant general manager—freight rates, New Haven, Conn., appointed general manager—freight rates there, succeeding **Harold D. Hartmann,** who retired Dec. 31, 1959. **J. F. Falvey** and **G. W. Flanigan,** assistant freight traffic managers, promoted to freight traffic managers—rates. **J. L. Lonergan** and **J. E. Musslewhite** appointed assistant freight traffic managers. **W. C. Gardner** and **J. C. Bonney** named general freight agents.

NORFOLK & WESTERN.—Robert F. Dickson, freight traffic manager, eastern territory, Roanoke, Va., named assistant vice president—sales and service, a new position. **Samuel S. Hosp,** general freight traffic manager—sales and service, retired Dec. 31 and that title discontinued. **Charles Edwin Gorman,** assistant freight traffic manager, Cincinnati, Ohio, promoted to freight traffic manager—sales and service, Roanoke. **Everett M. Dudley,** freight traffic manager, western territory, transferred to eastern territory. **Christopher W. Nickless,** freight traffic manager, southern territory, transferred to western territory. **William R. McClelland** and **Joseph H. Christoph,** assistant freight traffic managers, **Virginian,** Norfolk, appointed assistant freight traffic managers, N&W, at Cincinnati and Roanoke, respectively. **John R. McMichael,** assistant freight traffic manager, Roanoke, succeeds retiring **John R. Cutright,** with the same title as heretofore. **Richard B. Pleasants,** assistant general freight agent, Roanoke, succeeds Mr. McMichael. **Thomas L. Davis,** Pittsburgh general agent, named assistant freight traffic manager, Chicago, succeeding **Edward J. Merkel,** retired. **Hartley F. Mays,** Cleveland commercial agent, promoted to general agent, Louisville, succeeding **J. Wayne Russell,** who replaces Mr. Davis. **Frank W. Anderson, Jr.,** Buffalo commercial agent, named district freight agent, Cleveland. **R. Paul Hock,** general agent, Chattanooga, transferred to Richmond, succeeding **Richard H. Ludlam,** retired. **Donald W. DeVore,** district freight agent, Columbus, named general agent, Toledo, succeeding **Grover J. Curran,** retired. **Harry L. Zeber,** general agent, **Virginian,** Pittsburgh, replaces Mr. DeVore at Columbus. **Prescott A. Doran,** general agent, freight department, Virginian, Norfolk, named district freight agent, N&W, Norfolk, succeeding **Clifford E. Cousins,** commercial agent, retired. **Hubert M. Rand, Robert W. Phillips** and **William O. Robinson,** former members of the Virginian's traffic department, named district freight agents, N&W, at New York, Chicago and Toledo, respectively.

N. F. Cuthriell, coal traffic manager, Virginian, named coal traffic manager—Tidewater, N&W, Norfolk. **J. Schmuck, Jr.,** assistant freight traffic manager—rates, Virginian, appointed assistant general coal freight agent, Roanoke. **A. E. Suter** named district manager, coal bureau, Pittsburgh. **W. H. Hunton** appointed assistant district manager, coal bureau, Winston-Salem, N.C.

Robert B. Claytor, assistant general counsel, Roanoke, appointed general solicitor. **A. Paul Funkhouser,** general attorney, succeeds Mr. Claytor. **John S. Shannon,** solicitor, named assistant general solicitor.

W. W. Osborne appointed assistant superintendent motive power, Roanoke. **Walter A. Grigg** named electrical engineer and **Ed. H. Werner,** assistant electrical engineer. Mr. Osborne was formerly superintendent motive power, Mr. Grigg was assistant superintendent motive power and Mr. Werner was electrical engineer of the Virginian at Princeton, W. Va. **John Marcroft** will serve as general air brake inspector, **William A. Bostian** as shop engineer and **Claude E. Fisher** as mechanical inspector. Mr. Marcroft was formerly assistant superintendent car department and general air brake inspector and Mr. Fisher was engineer tests of the Virginian.

Walter V. Arnold, auditor, Virginian, named assistant comptroller, N&W. **John A. Brownlee,** auditor, Norfolk Terminal Railway, appointed assistant to comptroller. **Daniel L. Kiley** also named assistant to comptroller.

Neill S. Lewis and **Walter E. White** appointed assistant superintendent signals, Roanoke. Mr. Lewis was formerly superintendent telegraph and signals and Mr. White, assistant supervisor of telegraph and signals, of the Virginian. **W. G. Lewis** named supervisor of signals, Mullens, W.Va.

Other appointments include: **Lloyd W. Powers**, assistant superintendent, relief and pension department; **F. Warren Eller**, assistant purchasing agent; **George R. Janosko**, assistant manager roadway maintenance and **George W. Oxley**, supervisor of safety, all at Roanoke; and **J. F. Brown**, New River division storekeeper, Princeton.

On the New River division—all of the former Virginian trackage west of Kellysville, W. Va.—**R. W. Hundley** is serving as superintendent, Princeton.

PENNSYLVANIA.—Robert W. Leedy, manager, freight sales and services, Philadelphia region, appointed manager of freight rates, Pittsburgh, succeeding **K. M. Potter**, who resigned.

Clair I. Clugh, works manager and manager of heavy repair shops, Altoona, Pa., appointed assistant chief mechanical officer, Philadelphia. **John L. Parker**, manager, methods and cost control, Philadelphia, succeeds Mr. Clugh as manager of heavy repair shops, Altoona.

PIEDMONT & NORTHERN.—Franklin Way, assistant general manager, Charlotte, N.C., promoted to general manager, succeeding **W. L. Hogan**, retired. Abolished position of assistant general manager.

James Harold Wright, Sr., freight traffic manager, Charlotte, N.C., retired. **H. R. Ellis** appointed assistant general freight agent, rates and divisions, Charlotte. **W. H. Ford**, commercial agent, Atlanta, Ga., appointed general agent there, succeeding **Clarence B. Irwin**, retired.

PULLMAN COMPANY.—Thomas E. Specht, assistant comptroller, elected comptroller.

READING.—J. Stewart Warden, office manager, president's office, named assistant general passenger agent—research. **C. LeRoy Benner**, special clerk in the president's office, succeeds Mr. Warden.

SEABOARD.—J. A. Kane and **J. P. Roberts**, assistant freight traffic managers, Richmond, Va., promoted to freight traffic managers there. **L. A. Jones**, assistant general freight agent, Richmond, named assistant to freight traffic manager. **J. Frank Williams**, assistant general freight agent, Richmond, transferred to Orlando, Fla., succeeding **John L. Hutson, Jr.**, promoted to assistant freight traffic manager, Jacksonville, Fla., replacing **E. H. Browne**, retired. **H. J. Griffin**, commercial agent, Ft. Lauderdale, Fla., appointed division freight agent there. **John L. Allen**, traveling passenger agent, Ft. Lauderdale, promoted to division passenger agent there. **F. P. Medford, Jr.**, assistant general freight and passenger agent, Ft. Lauderdale, retired, and that position abolished. **F. M. Williams, Jr.**, office manager, freight traffic department, Richmond, appointed assistant general freight agent there.

SOUTHERN.—Aubrey M. Cary, manager, Hayne Shop, Spartanburg, S. C., appointed superintendent motive power, Atlanta, Ga., succeeding **Cecil D. Schwine, Jr.**, who died Nov. 7. **George L. Souther, Jr.**, master mechanic, Atlanta, succeeds Mr. Cary. **John O. Gerson, Jr.**, general foreman, car department, Hayne Shop, Spartanburg, appointed master mechanic, Columbia, S. C., succeeding **Lawrence S. Pressen, Jr.**, who replaces Mr. Souther.

Millard M. Fisher, Jr., trainmaster, Oakdale, Tenn., and **Plennie M. Wallis**, trainmaster, Huntingburg, Ind., have exchanged positions.

Rhuell F. Poole, commercial agent, Greensboro, N.C., appointed district freight agent, Lynchburg, Va., succeeding **William B. Lipford**, named division freight agent, Charlotte, N.C., succeeding **John H. Bell**, retired.

Daniel E. Humphries appointed coal freight agent, Atlanta, Ga., succeeding **Hugh L. Marston**, retired. **John E. Helseth** succeeds Mr. Humphries as assistant coal freight agent. **Joseph Hughes**, commercial agent, appointed district freight agent, Chattanooga, Tenn., succeeding **Leo C. Siener**, retired. **Larry H. McWhirter**, commercial agent, Montgomery, Ala., named district freight agent, Chattanooga.

Supply Trade

Railiner, Inc., Birmingham, Ala., announces its appointment as a distributor of Travelift cranes in the U.S. and Canada. Railiner demountable trailers for piggyback/container service, formerly bottom lift only, have been modified by addition of top lifting lugs. These top lugs for container lengths up to 40 ft are standardized on 19 ft 6 in. centers.

Thomas I. Moore has been appointed western sales manager of the **Q&C Company** at Chicago, effective Jan. 1.

J. Ross Drever has been elected president of **Griffin Wheel Co.** and **Griffin Steel Foundries Ltd. Robert H. Wellington** and **C. Fred Strom** elected vice presidents of Griffin Wheel.

W. W. Fetner has been appointed southwest divisional representative at St. Louis by **Klasing Hand Brake Co., Inc.**, Joliet, Ill.

Goff Smith, Lester T. Moate and **William V. Covert** have been elected vice presidents, American Steel Foundries. **Russell E. Larsen** has been elected controller, and **James L. Green**, assistant controller.

The addition of Reynolds aluminum to its steel service center stocks at Seattle, Wash., has been announced by **Joseph T. Ryerson & Son, Inc.**

Samuel C. Johnson, vice president in charge of the railroad department of **Dearborn Chemical Co.**, Chicago, has been named vice president in charge of transportation relations.

A license agreement has been completed between **K W Battery Co.**, Skokie, Ill. and D. F. Turner, president of **Britmex, S. A.**, Mexico, under which Britmex will manufacture and sell K W batteries in Mexico. **Keith Steinkamp**, field service engineer, **Exide Industrial Division, Electric Storage Battery Co.**, has joined K W Battery as general manager, service division.

H. W. Lestrom has been appointed division sales manager, railway sales, **Texaco, Inc.**, Chicago, succeeding **A. W. Larsen**, retired.

Thomas C. Burton, assistant to vice president—railroad sales of **General Steel Castings Corp.**, has been appointed district manager—railroad sales, western district, at Granite City, Ill. **R. L. Simmons**, sales representative to midwestern railroads, with headquarters at Chicago and Granite City, has transferred his activities to the eastern district roads, with headquarters at Eddystone, Pa., plant. **Carlo T. deMarco** has been appointed sales representative for eastern district roads. **P. Taylor Bryan**, former vice president and general manager of the Quick Point Pencil Co. of St. Louis, has joined General Steel as sales representative for the western district.

OBITUARY

William C. Krautheim, chief mechanical engineer, **General Steel Castings Corp.**, died Dec. 29, 1959, in his home at St. Louis.


G. N. Sabin
New Haven


Robert F. Dickson
N&W


Charles E. Gorman
N&W


Robert B. Claytor
N&W


Clair I. Clugh
PRR


John L. Parker
PRR


Thomas E. Specht
Pullman


J. A. Kane
Seaboard


J. P. Roberts
Seaboard


J. Ross Drever
Griffin

You Ought To Know...

Memory dialing equipment has been installed by the Milwaukee for crew calling at Muskego yard, Milwaukee, Wis. Telephone numbers are recorded on magnetic tape. The caller simply turns a dial until the crewman's name appears in a window on the dialing console, and the equipment automatically dials the number. A dial on the console is used to record new numbers on the tape or erase old ones. The equipment has a capacity of 300 numbers. During peak periods as many as 75 to 100 calls are made.

"A bitterly disappointing year" for New Jersey commuters was the summing up of 1959 by the Jersey Central Lines' Commuters Almanac. Although the defeat of the Meyner Plan (to use excess turnpike revenues to bolster train service) was the biggest disappointment, JCL's monthly publication noted that it was completely consistent with the trend of the decade. Quoting a UPI survey, the Almanac reported that instead of the more than 19,000 passenger trains operated in the state each week in 1950, there were only 14,632 at the end of 1959.

Illinois Central's "Land O'Corn" streamliner started hauling mail via Flexi-Van last week between Chicago and Waterloo, Iowa. It's a three-way operation, with the vans moving by passenger train Chicago-Waterloo; by special mail train Waterloo-Fort Dodge, Iowa; and by truck west of Fort Dodge. Equipment includes eight vans and three Flexi-Van cars purchased by IC from Strick Trailer.

Plan III piggyback has been extended by the Reading to two new points: Harrisburg, Pa., and Cleveland, O. Reading previously had Plan III terminals at Philadelphia and Reading, Pa., and Chicago and East St. Louis, Ill.

More than half of Alton & Southern's work force has been affected by a strike of about 150 trainmen, which began Dec. 31 and shows no signs of settlement. Wayne Harriss, A&S assistant general manager, said striking members of BRT Local 395 want elimination of a contract provision permitting management to suspend, in serious cases, before a hearing. He said management has twice proposed that the dispute be submitted to arbitration, but the union has refused and no further meetings are scheduled.

Slumbercoach has been a highly popular innovation on Northern Pacific's "North Coast Limited." Almost 1,000 reservations were made for use during December and January. And more than 400 passengers traveled Slumbercoach over all or some part of the train's Chicago-Seattle run during the first week the economical sleeping cars were in service.

"Vertical division" of the ICC into two separate bodies—one administrative, the other quasi-judicial and quasi-legislative—is advocated by Commissioner Anthony Arpaia. He said in Boston last week that an "organizational monstrosity" is now presented when the 11 commissioners must find time, "in between the heavy work load of deciding cases," to direct "completely administrative operations."

The new Senate subway—a \$2,000,000, 1,000-ft line connecting the new Senate Office Building with the Capitol—opened last week. Four ACF-built cars, each with its own power plant, make the trip in about 45 seconds. The new cars replace monorail cars that operated for 45 years between the old Senate building and the Capitol.

Steam will make its last stand on Canadian National during the next six months. CNR, with 954 steam locomotives still on the roster, expects to be fully dieselized by June. The road completed dieselization of its Central Region last year. leaving only the Western Region and the Detroit Division of the GTW with partial steam operation.

Railroad stocks didn't fare too well with the investing public during 1959. A spot check of stock price ranges for 45 major roads shows only six companies posting net gains for the year—ACL, CG, C&O, MP, NYC and N&W. Four roads ended the year unchanged —and 35 were down. Only one rail stock (New York Central) placed among the 25 most active stocks on the New York Stock Exchange.

China's trans-Sinkiang railway has been pushed as far as Hami, 625 miles from the Soviet frontier. When completed late this year, the new road will offer fast rail service between the Chinese coast and the USSR. Reports from Hong Kong say the new line was formally opened on New Year's Eve.

An insurgent-inspired proposal to lower the retirement age of paid union officers from 70 to 65 was being considered by the Brotherhood of Railway Trainmen in Cleveland last week. The proposal was aimed at replacing BRT President W. P. Kennedy (67), alleged to be too soft in his dealings with railroad management. Also facing possible ouster under the move would be hundreds of other union officers. A union spokesman said a vote on the proposal might not come for "days or even weeks."

Higher commuter fares went into effect Jan. 1 on three Chicago railroads. Burlington boosted all monthly tickets and the Chicago-Aurora, Ill., weekly ticket by 15%, all other fares by 10%. If no traffic loss results from the increase, the added revenue may wipe out the road's suburban service deficit and produce a tiny profit (estimated at less than .5% return on equipment investment alone). Other commuter fare boosts came on Gulf, Mobile & Ohio and Santa Fe—both amounting to 20% on Chicago-Joliet, Ill., fares.

An intensified search for solutions to New York City's railroad commuter problems will be made in 1960 by the Metropolitan Regional Council. It's reported that the council, which is headed by Mayor Wagner, may recommend a combination of federal, state, local aid.

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Better Than the 'Crying Towel'...

The "crying towel" has been generally abandoned by railroad people (praise be) as an instrument for overcoming the political handicaps which block their path to prosperity. But what's the alternative to the crying towel? Quieting down on the dirges doesn't mean that happy days are automatically here again.

When a fellow has a lot of grievous burdens piled on him, there are three courses he can follow: (1) he can complain, and make appeals to sympathy; (2) he can do nothing, hoping against the evidence that the burdens won't prove mortal; or (3) he can do some strategic fighting back. Under present circumstances, the third course seems the only wise or practicable one—and the closing days of the old year witnessed a couple of heartening developments in this third category.

Outstanding in this direction was the application by the Illinois Central and the Southern Pacific for ICC authority to acquire and operate a common carrier barge line between Chicago and Gulf coast ports. The barge line in question parallels the IC to New Orleans, and the Texas & New Orleans lines of the SP from the lower Mississippi to all points along the Louisiana and Texas coast, clear down to Brownsville.

The principal question at issue in this application is whether or not the ICC will find that railroad ownership of the barge line will "prevent or reduce competition on the route by water under consideration."

•

Most of the burdensome regulation which the railroads suffer is not mandatory under the statutes, but has been left to the discretion of the ICC. Under safeguards to prevent railroads from monopolizing inland waterway transportation (assuming such monopoly were possible), the ICC could permit almost any degree of railroad participation in it. The Southern Pacific and Illinois Central are now making the effort, in good faith, to provide this service. It is up to the Commission to demonstrate just how much transportation statesmanship it has at its disposal; or whether "diversification" by railroads will have to be delayed until the regulatory law can be changed.

The railroad petitioners have made it easy for the ICC to decide this case—in that they have definitely committed themselves to an increase in traffic by this barge carrier, if railroad ownership is permitted. That is to say, the railroads are not going to operate the line in a manner to "prevent or reduce competition."

You can never know for sure how statesmanlike regulators can be, under existing statutes, unless you put them to the test. The ICC will now get that test as far as "diversification" into water transportation is concerned. It would be salutary to put up to the regulators similar forthright tests of their capacity for statesmanship in permitting "diversification" into highway transportation; and in further mitigation of Fourth Section restrictions.

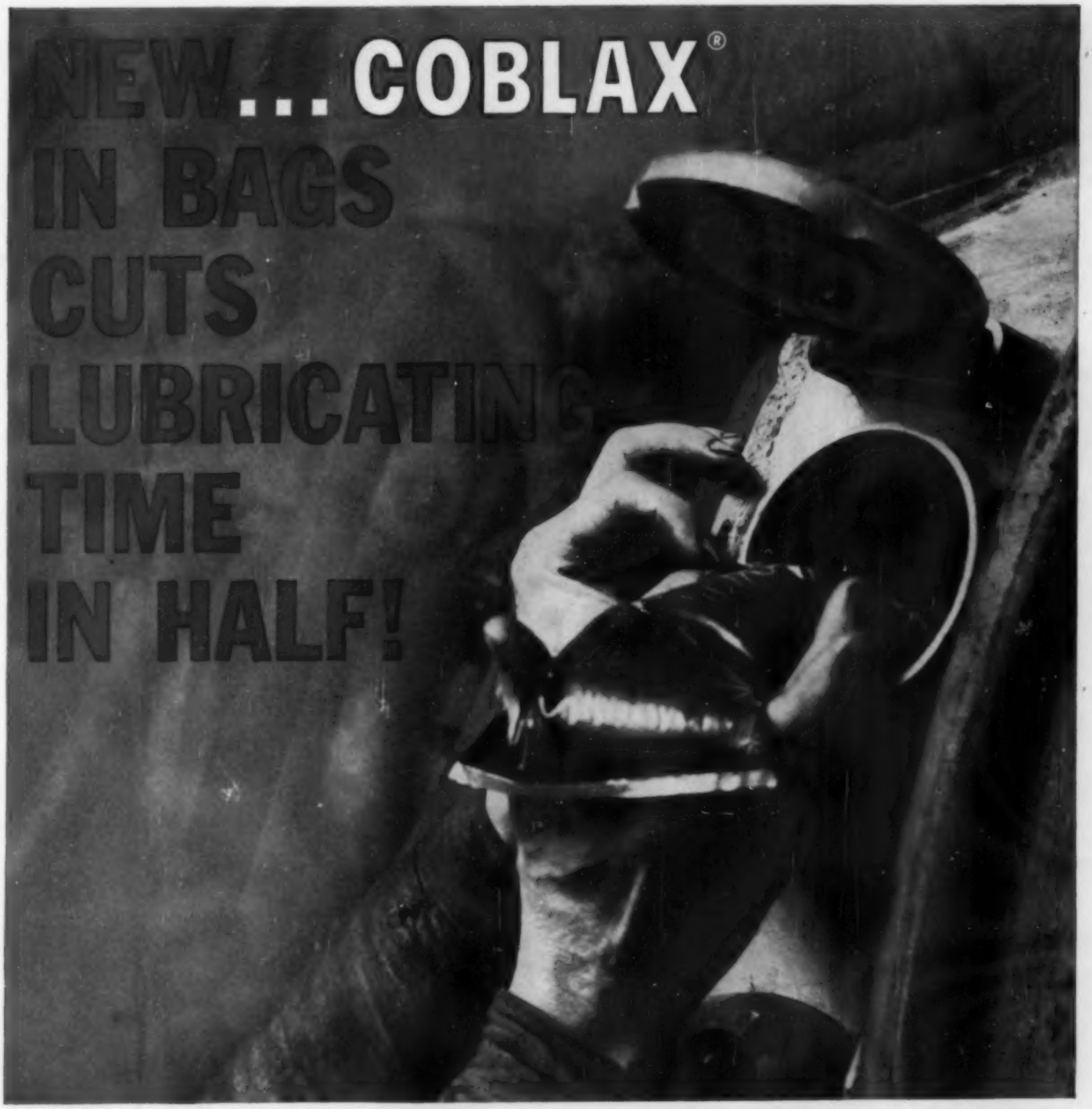
•

Another railroad activity in the "fighting back" method (to replace the "crying towel") is exemplified by an article, in the January issue of Fortune magazine, by President Perry Shoemaker of the Lackawanna. Mr. Shoemaker strips the mask off of socialists who wear the mask of private enterprise. He states categorically that "no Administration in this country's history has done more to harm the railroad industry than the present one." While absolving it of vicious intent, he nevertheless spells out his indictment, count by count. The Administration initiated its "Cabinet Committee Report" in 1954 but did nothing about it—until Democratic leadership in Congress grabbed the ball with its hearings in 1958 on "The Deteriorating Railroad Situation."

There is still time for both the Administration and the present Congress to retrieve their do-little record, but they are not likely to tackle a knotty problem in an election year, unless encouraged.

The record—not just of politicians, but of the entire business community—with regard to transportation is a sad one. There's constant lip service to free enterprise, and even more enthusiastic activity in the direction of transportation socialism. Articles and speeches by railroad people, in the tenor of this statement by Mr. Shoemaker, will make this hypocritical treatment of transportation by alleged free enterprisers mighty embarrassing to them.

The abandonment by the railroads of the crying towel opens the way for the use of more effective weapons. Messrs. Wayne Johnston, Donald Russell and Perry Shoemaker are demonstrating a couple of them.



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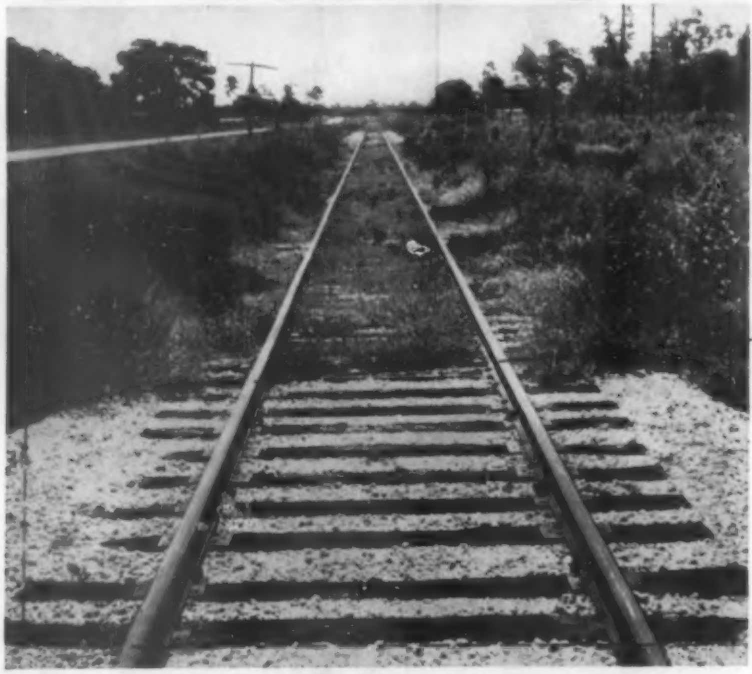

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